

i4LIFE® Indexed Advantage

An annuity payout option available with
certain Lincoln fixed indexed annuities

Rider Reference Guide

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by Product & Distribution Support.
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i4LIFE® Indexed Advantage is available for an additional cost.

Not available in New York.

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

***i4LIFE*[®] Indexed Advantage**

Fixed Indexed Annuity Rider Reference Guide

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Fixed Indexed Annuity and i4LIFE® Indexed Advantage Disclosure

Fixed Indexed Annuities

An annuity is an insurance contract that helps protect contract owners against the risk of outliving their income. Annuities are long-term investment vehicles designed for retirement purposes.

i4LIFE® Indexed Advantage

There are two basic time periods in i4LIFE® Indexed Advantage: the Access Period and the Lifetime Income Period.

The Access Period is the timeframe the contract owner chooses to have access to the Account Value and to retain a death benefit for beneficiaries. During this period, additional Withdrawals may be requested. The longer the Access Period, the lower the income payments. Withdrawals will reduce the i4LIFE® income, Account Value and death benefit. Contract owners can extend the Access Period but this must be done before the end of the current Access Period and will affect the i4LIFE® income payments.

After the Access Period, payments will continue on a lifetime basis but contract owners will no longer have access to the Account Value or have a death benefit.

The 4% Benchmark Index Rate (BIR) is a benchmark rate used to calculate the initial income payment. i4LIFE® Indexed Advantage income payments may increase with significant net allocation performance. The Guaranteed Income Benefit (GIB) is automatically included with i4LIFE® Indexed Advantage and protects the level of income, regardless of Account Value performance.

The Periodic Income Payment Account (PIPA) is the account from which all Income Payments will be made. Upon election of i4LIFE® Indexed Advantage and on every rider anniversary thereafter, the greater of the Periodic Income Payment amount of the Guaranteed Income Benefit will be deducted proportionally from the Fixed Account and Indexed Account(s) and then allocated to the Periodic Income Payment Account. The Periodic Income Payment Account is not available for Withdrawals or reallocations. This account does not earn interest.

Non-taxable Income is the portion of the income payment that is return of cost basis and not subject to income tax.

All examples are provided to illustrate the mechanics of a feature and product and are not intended to predict values or performance. Refer to marketing material, Product Disclosure Statement and a complete illustration for additional information.

Withdrawals of taxable amounts from an annuity are subject to income tax, and withdrawals prior to age 59½ may be subject to a 10% federal penalty tax.

Additional Withdrawals will reduce future i4LIFE® income payments, the Account Value and death benefit.

Death benefits may be subject to ordinary income tax.

i4LIFE® Indexed Advantage and Lincoln fixed indexed annuity products are issued by The Lincoln National Life Insurance Company, Ft. Wayne, IN, and offered through Lincoln Financial Distributors and broker-dealers with an effective selling agreement. Contractual obligations are subject to the claims-paying ability of The Lincoln National Life Insurance Company. Rider and features are subject to state availability.

i4LIFE® Indexed Advantage is an optional Guaranteed Income Benefit (GIB) rider (form AR-336 or state variations) available for an additional 0.95% charge (2.00% 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.

Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives and/or insurance agents do not provide tax, accounting or legal advice. Clients should consult their own independent advisor as to any tax, accounting or legal statements made herein.

i4LIFE® Indexed Advantage available as of August 22, 2017. Subject to state and firm approvals.

i4LIFE® Indexed Advantage is an annuity payout option available with certain nonqualified fixed indexed annuities. *i4LIFE*® Indexed Advantage is designed for clients needing income within a year of electing the rider. The rider provides the assurance of lifetime, tax-efficient income, with the added flexibility of access to the Account Value should a client's needs change.

i4LIFE® Indexed Advantage provides:

- ✓ **Lifetime Income:** An income stream that cannot be outlived.
- ✓ **Tax Efficiency:** A portion of each payment is considered a return of cost basis, thereby reducing the amount of taxable income.
- ✓ **Control:** Access to the Account Value with death benefit protection for beneficiaries.
- ✓ **Protection and Potential:** A known level of income that may increase if Account Value growth exceeds 4%.

<i>i4LIFE</i> ® Indexed Advantage – Highlights	
Lifetime Income	<ul style="list-style-type: none"> • <i>i4LIFE</i>® Indexed Advantage offers lifetime income, over one or two lives. • <i>i4LIFE</i>® Indexed Advantage provides a stable source of income.
Tax Efficiency	<ul style="list-style-type: none"> • <i>i4LIFE</i>® Indexed Advantage income is taxed like traditional annuitization. • Income is received on a tax-efficient basis, with a portion of each payment considered a return of cost basis, thereby reducing overall taxable income.¹ • Once the entire cost basis has been recovered through income payments and/or Withdrawals, all remaining distributions would be taxable. <p>¹ This rider utilizes the mechanics of a Private Letter Ruling that Lincoln received and which has been published by the Internal Revenue Service. This published ruling discusses the tax treatment for Lincoln's <i>i4LIFE</i>® Advantage.</p>
Control	<ul style="list-style-type: none"> • Clients have control of the Account Value allocation; they can allocate premium to the Fixed Account and any eligible indexed account. Clients may reallocate the Account Value each contract anniversary.¹ • During the Access Period, owners have the ability to take additional Withdrawals from their Account Value.² • Should the client die during the Access Period, the remaining Account Value is available as a death benefit for their beneficiaries. <p>¹ The amount transferred to the Periodic Income Payment Account is not available for allocation or reallocation and does not earn interest.</p> <p>² Additional Withdrawals will reduce future <i>i4LIFE</i>® income, decrease the Account Value and the death benefit. The Periodic Income Payment Account is not available for additional Withdrawals.</p>
Protection and Potential	<ul style="list-style-type: none"> • <i>i4LIFE</i>® Indexed Advantage provides a known level of income that may increase when Account Value growth exceeds 4%. • The Guaranteed Income Benefit (GIB) protects and provides a stable level of income for life, regardless of Account Value changes as a result of the deduction of <i>i4LIFE</i>® income payments and rider charges, or the allocation performance. • Fixed indexed annuities offer preservation of principal with no losses due to market volatility.¹ • The Fixed Account offers a stable return. <p>¹ <i>i4LIFE</i>® income and the Rider Charge will be deducted from the Account Value.</p>

***i4LIFE*® Indexed Advantage Provides Flexibility**

Traditional annuitization can provide lifetime income but once elected, cannot be changed and offers little in the way of flexibility. With *i4LIFE*® Indexed Advantage, clients receive lifetime income and a degree of flexibility. The Access Period of *i4LIFE*® Indexed Advantage provides this flexibility, allowing clients to make changes if their income needs change. A death benefit is also available during the Access Period.

<u>Traditional Annuitization</u>	<u><i>i4LIFE</i>® Indexed Advantage</u>
<ul style="list-style-type: none">• Irrevocable<ul style="list-style-type: none">– Cannot be terminated• Inflexible<ul style="list-style-type: none">– Cannot make changes to income stream, but can make tax changes• Inaccessible<ul style="list-style-type: none">– Cannot withdraw funds• Invisible<ul style="list-style-type: none">– No statements, just the periodic payment information	<ul style="list-style-type: none">• Revocable<ul style="list-style-type: none">– The whole contract can be terminated, but with potential tax consequences• Flexible<ul style="list-style-type: none">– May make changes in accordance with contract guidelines• Accessible<ul style="list-style-type: none">– Withdrawals available during Access PeriodNote: an additional Withdrawal will decrease Periodic Income Payments and the Guaranteed Income Benefit.• Visible<ul style="list-style-type: none">– Statements showing Accumulation Value and reallocation information

Key Terms and Definitions

The following words, phrases and associated acronyms are used throughout the *i4LIFE*® Indexed Advantage Reference Guide.

Key Terms	
Access Period:	<p>The length of time the Owner chooses to have access to the Account Value for additional Withdrawals; a death benefit is also available during this timeframe. The length of the Access Period impacts the calculation of the Periodic Income Payment – a longer Access Period will result in a lower initial payment and a shorter Access Period will result in a higher initial payment.</p> <p>Prolonged periods of the client receiving the GIB may reduce the Account Value to zero prior to the end of the chosen Access Period. In those instances, the Access Period will end and the GIB will be paid for life.</p>
Account Value (AV):	The sum of the Periodic Income Payment Account, Indexed Accounts and Fixed Account. This value is applicable to the <i>i4LIFE</i> ® Indexed Advantage rider.
Additional Withdrawals:	Additional Withdrawals are allowed only during the Access Period and are in addition to the <i>i4LIFE</i> ® income payments. Additional Withdrawals reduce the Account Value and death benefit, future Periodic Income Payments and the Guaranteed Income Benefit.
Annuitant:	<p>The person upon whose life the income payments are based. Often, but not always, the Annuitant and the Owner are the same person. There can only be one named Annuitant.</p> <p>Note: a joint life payment option is available with the designation of a Secondary Life.</p>
Benchmark Index Rate (BIR):	<p>The Benchmark Index Rate (BIR) represents the assumed earnings of the underlying interest accounts. The BIR is established by Lincoln and declared at issue; it is in effect for the life of the contract. The BIR for new issues may be different than the BIR for existing contracts.</p> <p>Currently, the BIR is set at 4%.</p>
Beneficiary:	The person(s) designated under the contract to receive any Payments that may be due upon the death of the Owner or Annuitant.
Death Benefit (DB):	The amount paid to the Beneficiary upon the death of the Owner or Annuitant during the Access Period.
Guaranteed Income Benefit (GIB):	The Guaranteed Income Benefit (GIB) establishes the level of income the client can expect to receive for life. The GIB ensures that Periodic Income Payments will never be adjusted below a specific amount due to indexed performance. The GIB may increase if the calculated Periodic Income Payment increases.
<i>i4LIFE</i>® Income	The amount received by the Owner throughout the life of the contract. The <i>i4LIFE</i> ® income payment is the greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit.

Key Terms and Definitions

Key Terms	
Lifetime Income Period:	The time following the Access Period during which the Owner will receive <i>i4LIFE</i> ® income payments for the life of the Annuitant and/or Secondary Life. Additional Withdrawals are not available. There is no death benefit during the Lifetime Income Period. Reallocation is available if the Account Value is positive.
Owner (Contract Owner):	The person(s) who has certain rights under the contract such as taking Withdrawals, determining reallocation decisions, surrendering the contract, and changing the Beneficiary or other terms of the contract.
Periodic Income Payments (PIP):	<p>The initial Periodic Income Payment is calculated using an Annuity Factor per thousand that is based on the:</p> <ul style="list-style-type: none"> • Age and Gender* of Annuitant and Secondary Life, if applicable (age nearest birthday) Note: An older person will have a higher factor than a younger person. • Benchmark Index Rate (BIR) • Length of Access Period • Applicable Annuity Mortality Table <p>The Account Value is divided by 1,000 and then multiplied by the Annuity Factor to determine the Periodic Income Payment.</p> <p>*State variations may apply.</p>
Periodic Income Payment Account (PIPA):	<p>This account is used to distribute the greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit (GIB). At the beginning of each Rider/Contract Year, the greater of the annual Periodic Income Payment or the GIB is taken (on a pro-rata basis) from the fixed and indexed accounts and allocated to the Periodic Income Payment Account (PIPA).</p> <p>The modal payments are then paid out from this account.</p> <p>The PIPA is included in the Account Value but does not earn interest, nor is it available for reallocation or additional Withdrawals.</p>
Secondary Life:	For joint life income payments; income is payable over the lifetimes of the Annuitant and Secondary Life. The Secondary Life is designated at issue and cannot be changed.

State Availability

The *i4LIFE*® Indexed Advantage rider is available with certain Lincoln fixed indexed annuities in the majority of states and provinces. Subject to state approvals.

It is not available in New York.

Markets

i4LIFE® Indexed Advantage can only be elected at issue with certain nonqualified fixed indexed annuity contracts. The rider cannot be elected post-issue.

Product Availability (Contracts issued after August 22, 2017)

i4LIFE® Indexed Advantage is available with the following products:

- *Lincoln New Directions*® 8 fixed indexed annuity (currently excluding Alabama and Mississippi)
- *Lincoln OptiChoice*SM 5, 7 and 9 fixed indexed annuity (excluding New York)
- *Lincoln OptiBlend*SM 7 and 10 fixed indexed annuity

i4LIFE® Indexed Advantage cannot be elected at the same time as a Guaranteed Lifetime Withdrawal Benefit rider.

Firm Availability

The rider and base contracts are subject to state and firm approvals.

Transition from other Living Benefit Riders

There is currently no integration between any Guaranteed Lifetime Withdrawal Benefit riders offered on the fixed indexed annuity products and *i4LIFE*® Indexed Advantage.

What are the election requirements for i4LIFE® Indexed Advantage?

i4LIFE® Indexed Advantage is available:

- At issue only.
- For nonqualified contracts.
- With certain fixed indexed annuities.
- At age 55 up to the base contract maximum issue age.
- With a minimum premium of \$50,000.

i4LIFE® Indexed Advantage is not available if any Guaranteed Lifetime Withdrawal Benefit (GLWB) rider has been elected. There is no “bridge” to i4LIFE® Indexed Advantage from any GLWB rider.

Election Ages

The election age requirements for i4LIFE® Indexed Advantage are as follows:

- Age 55 up to age 85 (*Lincoln New Directions*® 8; *Lincoln OptiChoice*™ 5, 7; *Lincoln OptiBlend*™ 7)
- Age 55 up to age 80 (*Lincoln OptiChoice*™ 9; *Lincoln OptiBlend*™ 10)

If the contract is set up with the Secondary Life option, both must meet any age requirements.

Premium Amounts

- The minimum contract size required for election of i4LIFE® Indexed Advantage is \$50,000.
- The maximum premium is \$2,000,000 without prior home office approval

No additional premiums are allowed (even if the base contract is a flexible premium contract).

Compensation

The election of the rider *is not* a commissionable event.

Single Life (Annuitant only) / Secondary Life

The rider can be issued with either a single Annuitant or with a Secondary Life option. Once the Single or Joint Life option is elected, it cannot be changed.

The Secondary Life option may be a spouse or a non-spouse and provides for a joint payment option.

- Single Life Option (Annuitant only): Provides guaranteed income for the life of the Annuitant.
- Joint Life Option (Secondary Life): Provides guaranteed income over two lives.

Owner / Covered Life Arrangements / Beneficiary (General Information)

There are several possibilities available in structuring the rider and the contract. The following chart summarizes these options. It is important to keep the client’s objectives in mind when structuring the contract (income over their lifetime, “stretching” the income over generations, special needs situations, contract continuance, etc.).

Owner / Covered Life Arrangements / Beneficiary Chart:

Owner:	<p>The Owner has all rights to the contract – the Owner can make changes, take additional Withdrawals and is taxed on the income. Unless noted otherwise, the Owner of the contract is the Annuitant.</p> <p>Custodian or Trust Ownership is permitted.</p> <p>The Owner can have a Joint Owner on the contract. The Joint Owner is not covered by the rider unless also named as the Annuitant or the Secondary Life.</p>
Annuitant:	The Annuitant's life is the life covered by the rider and is the measuring life used to determine the Periodic Income Payment amount and how long payments will last. There can be only one Annuitant.
Secondary Life:	If a joint payment option is desired, a Secondary Life must be designated at rider election. This life will also be used to determine the payment amount and how long payments will be made. The Secondary Life need not be the spouse.
Beneficiary:	The beneficiary(s) will receive any death benefit available during the Access Period. The death benefit may be payable as a lump sum or be received as an income stream.

Note: the illustration will display all four categories for the contract structure.

The chart below provides information on the possible structures:

Type of Owner	Covered Life Options	Beneficiary(s)
One Person as the Owner	<ul style="list-style-type: none"> • Annuitant • Annuitant and Secondary Life* <p>May or may not be the Owner.</p>	Any designation permitted.
Two People as Joint Owners*	<ul style="list-style-type: none"> • Annuitant • Annuitant and Secondary Life* <p>May or may not be the Owner(s).</p>	Any designation permitted.
Trust or Custodial Account For the Benefit Of (FBO)	<ul style="list-style-type: none"> • Annuitant • Annuitant and Secondary Life* 	Any designation permitted.

*The two individuals can be either spouses or non-spouses.

More information follows.

Ownership Arrangements

The following charts spell out specific types of ownership arrangements that are and are not available with *i4LIFE*® Indexed Advantage contracts, including those arrangements that are allowed with certain restrictions. The base contract must allow for these arrangements.

***i4LIFE*® Indexed Advantage is available for the following entities without restriction:**

- Natural Persons
- Nonqualified Single or Joint Ownership
- Custodial Arrangements (including annuitants under age 59½)
- Revocable Trusts using an individual's Social Security Number
- ILITS Irrevocable Life Insurance Trust using an individual's SSN
- Intentionally Defective Grantor Trusts

***i4LIFE*® Indexed Advantage is not available for the following entities:**

- IRA, SEP, Roth IRA
- Fraternal Organizations (e.g. Masonic Lodges)
- Nonqualified Deferred Compensation
- Deceased IRAs (non-spouse beneficiary of an IRA)

***i4LIFE*® Indexed Advantage is available for the following entities (if also available with the base contract) with the restrictions* shown:**

Note: many of these ownership entities are available for fixed annuities by exception only.

- Corporations
- Charitable Remainder Trusts
- Irrevocable Trusts (Special Needs, QTIP, Family/Bypass, Generation-Skipping, ILITS)
- IRS-recognized non-profits (501(c)(3) certificate required)
- Partnerships (LP, FLP, LLP)
- Limited Liability Companies (LLC)
- Revocable Trusts using a Tax Identification Number
- Estates

***Restrictions:**

- *i4LIFE*® Indexed Advantage must be elected within 12 months of annuity inception, no 1035 exchanges *unless* the contract at other carrier was issued within the last 11 months.
- Access Period may not be changed, no extension allowed at end of Access Period.
- The *i4LIFE*® Advantage Non-Natural Owner Election Form (form number 33611) is required.

Trust Arrangements

Trust arrangements, although titled in many different ways, can be categorized into several types:

- Revocable and irrevocable
- Grantor and non-grantor

Revocable inter vivos trusts are usually grantor trusts; upon the death of the grantor, the trusts usually become irrevocable and are no longer grantor trusts. It is the distinction of revocability and irrevocability for federal income tax purposes that impacts the availability of *i4LIFE*® Indexed Advantage.

Revocable Trusts

If a trust is a grantor trust, it means that the trust's income is taxed to the grantor. Trusts generally have taxpayer identification numbers (TIN). However, a grantor trust need not obtain a TIN if it is a domestic trust; it is taxed as owned entirely by the grantor or the grantor and the grantor's spouse, because it is revocable by the grantor or a nonadverse party; and the grantor, the grantor's spouse, or both, are trustees or co-trustees. A grantor trust uses the social security number of the grantor as its TIN. At the death of the grantor, the revocable trust usually becomes irrevocable trusts and thus not tied to an individual, so it must have its own TIN.

Irrevocable Trusts

Irrevocable trusts and revocable trusts once they become irrevocable are not tied to an individual and have their own taxpayer identification numbers (TIN). *i4LIFE*® Indexed Advantage is allowed on contracts within these types of trusts. However, there are certain restrictions that apply in these situations:

- *i4LIFE*® Indexed Advantage must be started within 12 months of annuity inception (including original contract if 1035 exchange)
- The Access Period cannot be changed.

Charitable Remainder Trusts

Charitable Remainder Trusts fall into the irrevocable category, but due to the charitable nature, taxation is not a concern. *i4LIFE*® Indexed Advantage is available with a Charitable Remainder Trust; however, there does not appear to be a valuable use of *i4LIFE*® Indexed Advantage for CRTs. CRTs are typically funded with highly appreciated assets that are transferred into the CRT and then sold. The gain on the asset that otherwise would be taxable is not taxable to the CRT.

i4LIFE® Indexed Advantage is available with a not-for-profit business as the owner.

Clients should always consult their tax advisor prior to purchasing an annuity for advanced planning designs.

Premium Allocation

The premium can be allocated to the Fixed Account and any eligible 1-Year indexed account.

Note: Indexed Accounts which have an indexed term greater than one year are not available for allocation or reallocation. Therefore, the 2-Year Point-to-Point Indexed Account in *Lincoln New Directions*® 8 fixed indexed annuity is not available for allocation or reallocation if the *i4LIFE*® Indexed Advantage rider is elected.

New Business Process

The new business process is the same as for applications without the *i4LIFE*® Indexed Advantage rider; the same base contract application/supplement is used and there is no separate Disclosure Statement.

On the Application Supplement (Multiple Transfers):

If the money is coming to Lincoln via a 1035 exchange or any other transfer, it is important to check “Issue the contract when all of the money is received” on the application supplement.

Source of Funds (Required) (ACORD Form 951 required for Transfers/Exchanges/Rollovers.)

Please Indicate:

<input type="checkbox"/> New Deposit	\$	
<input type="checkbox"/> 1035 Exchange (Non-Qualified)	\$	
<input type="checkbox"/> Transfer (Qualified)	\$	
<input type="checkbox"/> Rollover** (Qualified)	\$	
Total Expected Amount:		\$

Multiple Transfers: ☐ Issue the contract when the first money is received. NOTE that the contract will only be issued when the minimum premium requirement is met.***

☒ Issue the contract when all of the money has been received.***

If multiple transfers are expected, make sure clients check the correct box on the application supplement.

Since additional premiums (flexible premium contracts) are not accepted if the rider has been elected, any monies received after the contract has been issued cannot be added to that contract. Any money received after the contract has already been issued would either be returned or would require an additional application to fund a separate contract.

Election Form:

To elect *i4LIFE*® Indexed Advantage, complete the *i4LIFE*® Indexed Advantage election Form (Form AN11650FIA) and submit it with the application. As a reminder, the *i4LIFE*® Indexed Advantage rider can only be added at the time of contract issue.

If the Owner of the contract is not a person (if the Owner is a non-natural person), complete the Non-Natural Person Form 33611 and submit it with the application and election form.

See the next page for a sample Election Form.

Sample Election Form:

Notes:

As a reminder, the *i4LIFE*® Indexed Advantage rider can only be added at the time of contract issue.

If non-natural Owner, complete Form 33611.

The “Multi-Generational Income Stream” box is informational only and will not impact the processing of the rider.

Both the Annuitant and Secondary Life must meet the age requirements for electing the Rider.

All *i4LIFE*® payments are processed on the 23rd of the month, regardless of when the rider is elected. Clients choose the first month to begin receiving income.



i4LIFE® INDEXED ADVANTAGE ELECTION Minimum \$50,000

The Lincoln National Life Insurance Company
Lincoln Life & Annuity Company of New York
First Class Mail: P.O. Box 2348, Fort Wayne, IN 46801
Overnight Address: 1300 S Clinton St., Fort Wayne IN 46802
Service Center: 877-534-4636
Sales Desk: 877-533-0265 Fax Number: 260-455-2467

This form must be submitted with the contract application and is used to begin an *i4LIFE*® Indexed Advantage income stream immediately or within 11 months of the contract date. *i4LIFE*® Indexed Advantage is only available for Non-Qualified fixed-indexed annuity contracts.

Contract Owner Information (If non-natural owner complete form 33611)

Contract Number (if available): _____

Contract Owner's Name: _____

Social Security Number (last four digits only, if the contract number is included): _____

Annuitant Information - Complete only if Annuitant is not the Contract Owner.

Name: _____

Date of Birth: _____ ☐ Male ☐ Female

☐ Multi-Generational Income Stream

Secondary Life Information - Complete only if Joint Payout is elected.

Number: _____ Date of Birth: _____

☐ Male ☐ Female

Secondary Life is solely for calculating the *i4LIFE*® payment. In the event of the death of the Annuitant, payments to Contract Owner(s) or Beneficiary(ies) based on the Secondary Life.

i4LIFE® Indexed Advantage Income

An *i4LIFE*® Indexed Advantage request received in good order by the 22nd of the current month will initiate an income payment on the 1st of the following month.

Income Frequency: ☐ Monthly (default)

☐ Quarterly

☐ Semi-Annually

☐ Annually

Select Income Start Month: _____ Year: _____

(If no income start month is indicated payments will begin at the soonest possible date. Payment will be withdrawn on the 23rd of the month prior to the first of the next month.)

Note: The initial *i4LIFE*® payment must begin within 11 months of the issue date of the contract.

Access Period - Choose only ONE of the following options. (If no option is selected the default will apply.)

☐ Default (Minimum of 20 years or to age 55, whichever is greater)

☐ Maximum - (the maximum access period results in the lowest initial *i4LIFE*® payment)

☐ _____ Years (must be between the minimum above and up to age 115)

Choosing the minimum Access Period (default) will result in a higher initial payment than choosing the maximum Access Period.

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AN11650F/A

Once selected, the Secondary Life cannot be changed.

Once selected, the Frequency cannot be changed.

If a Joint Payout is elected, the youngest life of the Annuitant or Secondary Life is used to determine the minimum and maximum Access Period.

What are the two income phases of i4LIFE Indexed Advantage?

i4LIFE® Indexed Advantage includes the Access Period and the Lifetime Income Period. The greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit (the “i4LIFE® income payment”) is paid throughout the two income phases. There are different features available during each phase.

i4LIFE® Indexed Advantage provides Periodic Income Payments throughout the two phases of the rider:

- **Access Period:** The period of time the client chooses to have access to the Account Value and to retain a death benefit while receiving i4LIFE® income payments.
- **Lifetime Income Period:** The Lifetime Income Period begins once the Access Period ends. During this timeframe, the client continues to receive i4LIFE® income payments, but will no longer have access to the Account Value for additional Withdrawals or retain a death benefit.

There are different features available during each phase.

The chart below summarizes the features available during each of the two phases:

i4LIFE Payments	Access Period	Lifetime Income Period
	<ul style="list-style-type: none"> • Reallocate Account Value • Additional Withdrawals¹ • Death benefit • Can extend Access Period² • Guaranteed Income Benefit • Tax efficient income 	<ul style="list-style-type: none"> • Life Only Payment • Traditional annuitization • No death benefit • No additional withdrawals • Guaranteed Income Benefit • Tax efficient income

¹ Additional Withdrawals decrease guaranteed future payments, the Account Value and the Death Benefit.

² Extending the Access Period is limited to Age 115.

Details of each income phase can be found on the following pages.

What are the features of the Access Period?

During the Access Period:

- The Owner receives tax-efficient income.
- A death benefit is available for beneficiaries (may be payable in a lump sum or periodic payments, depending on the contract structure).
- Reallocation opportunity each contract anniversary.
- Additional Withdrawals are available if needs change.
- The Owner can extend the Access Period.

Access Period Selection

The Owner chooses the Access Period at the time of the rider election; they can select the minimum Access Period or the maximum Access Period, or a period in between the minimum and maximum timeframe.

- The minimum Access Period is the greater of 20 years or to age 95.
- The maximum Access Period is age 115.

For a joint life payout, the Access Period is based on the youngest life.

The Access Period requirements are based on the age nearest birthday.

The following excerpt is from the *i4LIFE*® Indexed Advantage Election Form:

Access Period - Choose only **ONE** of the following options. (If no option is selected the default will apply.)

- ☐ **Default** (Minimum of 20 years or to age 95, whichever is greater)
- ☐ **Maximum** - (the maximum access period results in the lowest initial *i4LIFE*® payment)
- ☐ _____ **Years** (must be between the minimum above and up to age 115)

For example, a 65-year old can choose the minimum of a 30-Year Access Period or the maximum of a 50-Year Access Period or any number of years between 30 and 50. An individual age 65 has these choices:

- Minimum: The *greater* of 20 years or the difference of age 95 – age 65 (or 30 years) = **30 years**
- Maximum: The difference between the maximum age limit of 115 and age 65 (or 50 years) = **50 years**
- **Or any number of years between 30 and 50 years.**

Other examples of available Access Period elections are as follows:

Age	Minimum (Years) Greater of: 20 years or to Age 95	Maximum (Years) To Age 115	Any # of years between:
55	40	60	40-60
60	35	55	35-55
65	30	50	30-50
70	25	45	25-45
75	20	40	20-40
80	20	35	20-35

The length of the Access Period impacts the amount of the initial Periodic Income Payment:

- A longer Access Period will result in a lower initial payment, and
- A shorter Access Period will result in a higher payment.

Look at this chart and follow any Election Age across the row; it is easy to see that a shorter Access Period (AP) results in a higher initial Periodic Income Payment (PIP) than the same age with a longer Access Period:

(Male)	Minimum Access Period		Maximum Access Period	
Age at Election	Periodic Income Payment [AP]	GIB: 100% of PIP	Periodic Income Payment [AP]	GIB: 100% of PIP
55	\$23,157 [40 yrs]	\$23,157	\$21,149 [60 yrs]	\$21,149
60	\$24,299 [35 yrs]	\$24,299	\$21,623 [55 yrs]	\$21,623
65	\$25,771 [30 yrs]	\$25,771	\$22,226 [50 yrs]	\$22,226
70	\$27,956 [25 yrs]	\$27,956	\$23,015 [45 yrs]	\$23,015
75	\$31,004 [20 yrs]	\$31,004	\$24,039 [40 yrs]	\$24,039
80	\$32,435 [20 yrs]	\$32,435	\$25,758 [35 yrs]	\$25,758

In this example for a \$500,000 premium, a Male, Age 65 would receive \$25,771 versus \$22,226 if they chose the minimum Access Period instead of the maximum Access Period.

Note: If he elected the rider 5 years later, at his age 70, the payment would be \$27,956.

During the Access Period:

- Income is received on a tax-efficient basis; the income is taxed using an exclusion ratio. Once the entire cost basis is recovered, the entire payment is taxable.
- Clients have access to the fixed indexed annuity Account Value;
 - The Owner can request additional Withdrawals; however, Withdrawals will impact the *i4LIFE*® income payment, the Account Value and death benefit.
 - The Owner can reallocate the Fixed Account and any eligible 1-Year Indexed Account on the contract anniversary.
- The Access Period can be extended once per contract year.
- The contract's death benefit is available for beneficiaries.
- The contract can be terminated (the rider cannot be terminated independent of the contract).

Extending the Access Period

The Owner has the option to extend the Access Period to a minimum of five years beyond the current Access Period, up to age 115. The Access Period cannot be shortened. Careful consideration should be given to making any change, as this will impact the amount of future *i4LIFE*® income.

The Access Period may be extended on any contract anniversary before the Lifetime Income Period begins. The client must notify Lincoln within the 30 days prior to the contract anniversary; the recalculated payments will be effective at that contract anniversary.

The new Access Period must meet the maximum requirements for duration.

If the Access Period is lengthened/extended, the amount of the calculated Periodic Income Payment is reduced, and the Guaranteed Income Benefit (GIB) is also adjusted proportionately in accordance with the percentage decrease in the most recent Periodic Income Payment. The Periodic Income Payment is re-determined based on the Account Value at the time of the request and the Adjusted Access Period.

For example:

- 10 years remaining in the Access Period
- 5 year minimum increase requested
- Adjusted Access Period would be 15 years (10 remaining years plus the 5 year minimum increase).

Increases in the duration are subject to the maximum Access Period. In certain situations if the minimum extension is not possible due to age, an exception may be requested.

How does extending the Access Period impact the payments?

Generally, extending the Access Period will lower the Periodic Income Payment and reduce the Guaranteed Income Benefit proportionately.

Let's look at this example, Male, now Age 85, 10 years left of the original 30-Year Access Period (initial premium of \$500,000). The Owner requests a 5-Year extension to the Access Period, which would result in an adjusted Access Period of 15 years (the 10 remaining years, plus the 5-year extension). For illustration purposes, this example assumes no contract growth and no additional Withdrawals since election of the rider.

To calculate the new annual Periodic Income Payment, the values used are as follows:

- Account Value at the time of the extension
- Applicable Annuity Factor
- Adjusted Access Period

	Annual Value at the Time of the Extension Request	Adjusted Values (Annual)
Current Periodic Income Payment	\$2,860	\$762 (a 73.4% reduction)

The GIB is then reduced by the same proportion as the new Periodic Income Payment is to the most recent Periodic Income Payment: $\$25,771 \times (\$762/\$2,860) = \$6,866$

	Annual Value at the Time of the Extension Request	Adjusted Values (Annual)
Current Guaranteed Income Benefit (GIB)	\$25,771	\$6,866 (\$25,771 less 73.4%)

Extending the Access Period will reduce the Periodic Income Payment in this example to \$762 and the Guaranteed Income Benefit to \$6,866. Since the Owner will receive the greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit, they will receive **\$6,866** for the rest of the Access Period and into the Lifetime Income Period.

What are the features of the Lifetime Income Period?

During the Lifetime Income Period:

- The Owner receives tax-efficient income. Payments end at the last to die of the Annuitant or Secondary Life, if any.

Lifetime Income Period

The Lifetime Income Period begins once the Access Period ends or the Account Value goes to zero under certain circumstances (see below). Clients will continue to receive income payments, but there is no death benefit or access to the Account Value during the Lifetime Income Period. Income will continue to be taxed as annuitization would be taxed, by using an exclusion ratio until all remaining cost basis has been recovered.

During the Lifetime Income Period, payments are paid on a “Life Only” basis – payments will stop at the death of the last survivor (Annuitant or Secondary Life, if any)

If the Account Value is positive, the Owner is able to reallocate the interest accounts on each contract anniversary.

During the Lifetime Income Period:

- Income is received on a tax-efficient basis; the income is taxed using an exclusion ratio. Once the entire cost basis is recovered, the entire payment is taxable.
- Clients have access to the fixed indexed annuity Account Value for reallocation purposes only, if the Account Value is positive
- Additional Withdrawals are not available
- There is no death benefit
- The contract cannot be terminated

Guaranteed Income Benefit (GIB) May Impact Start of Lifetime Income Period

During the Access Period, if the calculated Periodic Income Payment is lower than the GIB amount, the GIB will be paid. These GIB payments may reduce the Account Value to zero prior to the end of the Access Period. If this occurs, the Lifetime Income Period begins and the GIB will be paid for the life of the Annuitant and Secondary Life, if any.

Periodic Income Payment

What is the Periodic Income Payment? What is the i4LIFE® Income Payment?

The calculated Periodic Income Payment:

- Is determined each year and is based on an Annuity Factor and the Account Value.
- May go up based on the performance of the underlying interest accounts.

The i4LIFE® income payment:

- Is the greater of the calculated Periodic Income Payment and the Guaranteed Income Benefit.
- Is the income payment paid to the Owner.
- Will never be lower than the guaranteed minimum amount.
- Reduces the Account Value.
- Is payable for life (assuming no additional Withdrawals) on a tax-efficient basis.

Calculating the Periodic Income Payments

The initial Periodic Income Payment is calculated using an Annuity Factor per thousand that is based on:

- Age and Gender of Annuitant and Secondary Life, if applicable (age nearest birthday)
- Benchmark Index Rate (BIR)
- Length of Access Period (time remaining to the end of the Access Period)
- Applicable Mortality Table (with Age Adjustment)

The Owner's Account Value is divided by 1,000 and then multiplied by the Annuity Factor to determine the initial Periodic Income Payment.

Account Value for this Calculation

The Account Value includes the fixed and indexed accounts prior to moving the annual payment to the Periodic Income Payment Account on the contract anniversary.

Age and Gender of Annuitant and Secondary Life, if applicable

The initial calculated Periodic Income Payment is based on the Annuitant's age as of his or her nearest birthday. For joint life payments (Secondary Life), the payment calculation uses both individuals' ages, and it would be based on the age nearest birthday for each person. An actuarial calculation of the two individual lives is used – not an average of the two separate lives.

Older ages have a higher initial payout than younger ages.

The following examples show the initial Periodic Income Payment (PIP) for the Access Period shown for these age(s) for a \$500K Initial Premium:

Single Life Payout Option: Male, Age 65	Initial PIP (Annual)	Joint Life Payout Option: Male, Age 65; Female, Age 62	Initial PIP (Annual)
Access Period: 30 Years	\$25,771	Access Period: 33 Years	\$24,360
Access Period: 40 Years	\$23,731	Access Period: 43 Years	\$23,000

Notice how the Periodic Income Payment decreases when the Access Period is lengthened. Also, note the difference between the Single Life Option and the Joint Life Payout Option.

Note: There are state variations that affect the calculation of the Periodic Income Payments: Montana and Massachusetts use unisex rates.

Using the “Adjusted Age” to Calculate the Annuity Factor

When determining the initial calculated Periodic Income Payment, the Annuitant/Secondary Life’s “adjusted age” is used in order to reflect improvements in mortality over time.

Step 1: Age Nearest Birthday

Start with the age at the Annuitant’s nearest birthday. For instance, on an issue date of September 1, 2017, a person with a birthday of May 20, 1949 and a person with a birthday of October 1, 1949 would both be considered to be 68 years old. The birthday closest to the issue date determines the Age Nearest Birthday - whether the birthday occurred prior to the issue date or takes place beyond the issue date.

Step 2: How to Determine Adjusted Age

The “adjusted age” is found by adding an Adjustment Factor to the Age Nearest Birthday of the Annuitant/Secondary Life. The adjustment depends on the decade of the birth of the Covered Life. The following “decade of birth” table shows the adjustment for each decade of birth:

Decade of Birth	Age Adjustment	Decade of Birth	Age Adjustment	Decade of Birth	Age Adjustment
1920	1	1970	-4	2020	-9
1930	0	1980	-5	2030	-10
1940	-1	1990	-6	2040	-11
1950	-2	2000	-7	2050	-12
1960	-3	2010	-8		

Here’s how it works:

The following example illustrates how a person with an election age of 68 in 2017 will receive a different calculated Periodic Income Payment than someone the same age in 2018.

It shows two contracts, each valued at \$500,000 for a male with an Age Nearest Birthday of 68. One contract is issued with *i4LIFE*® Indexed Advantage in 2017 and the other in 2018. The following shows why their initial calculated Periodic Income Payment is different, even though both Annuitants are 68 years old when *i4LIFE*® Indexed Advantage is elected.

- **2017 Election:**

On September 1, 2017, the Age Nearest Birthday for a male with a DOB of October 1, 1949 is 68.

Since his decade of birth is the 1940s, the Adjustment Factor is -1.

Therefore the Annuitant’s “adjusted age” is 67.

An “adjusted age” of 67 gives an initial Periodic Income Payment* of \$26,164.

- **2018 Election:**

On September 1, 2018, the Age Nearest Birthday for a male with a DOB of October 1, 1950 is 68.

Since his decade of birth is the 1950s, the Adjustment Factor -2.

Therefore, the Annuitant’s “adjusted age” is 66.

An “adjusted age” of 66 gives an initial Periodic Income Payment* of \$26,062.

This assumes that the person born in the 1950’s has a better life expectancy than someone of the same age born in an earlier decade.

* In this example, *i4LIFE*® Indexed Advantage is elected with a 30-year access period, 4% BIR.

Periodic Income Payment

Benchmark Index Rate (BIR)

The Benchmark Index Rate (BIR) is set by Lincoln; the client does not choose the BIR. Currently the BIR is 4%. The BIR is set at issue and is in effect for the life of the contract; the BIR cannot be changed. The BIR is shown on the Annuity Payout Option Rider Schedule Page.

Length of Access Period

The age nearest birthday is used to determine the available Access Periods:

- The minimum Access Period is the greater of 20 years or to age 95.
- The maximum Access Period is up to Annuitant age 115.

If there is a Secondary Life, the minimum and maximum Access Period is based on the younger age.

The following example shows how the initial Periodic Income Payment (PIP) is lower as the Access Period is lengthened; shown for a Male, Age 65 for a \$500K Initial Premium:

Male, Age 65	30 Year Access Period	40 Year Access Period	50 Year Access Period
Initial Periodic Income Payment:	\$25,771	\$23,731	\$22,226

Applicable Mortality Table

The Mortality Table is shown on the Annuity Payout Option Rider Schedule Page.

Determining the Modal Periodic Income Payment

The Periodic Income Payment is then divided by the Modal Factor. The payment can be received:

- Annually (Modal Factor = 1)
- Semi-Annually (Modal Factor = 2)
- Quarterly (Modal Factor = 4)
- Monthly (Modal Factor = 12)

The Owner selects the frequency of the payments at issue; the frequency cannot be changed.

The annual payment is taken on a pro-rata basis from the Fixed Account and any indexed accounts at the beginning of each year and put into the Periodic Income Payment Account. The modal payment is distributed from the Periodic Income Payment Account during the year.

Periodic Income Payment

Here is how it works for a \$500,000 premium (Annual payment):

- At any Election Age, the minimum Access Period results in a higher initial Periodic Income Payment than the same age with the maximum Access Period.
- For the minimum or maximum Access Period scenarios, the older the age at election, the higher the initial payment. Note: the length of the Access Period for each age would also be changing.

(Male)	Minimum Access Period			Maximum Access Period		
Age at Election	Minimum Access Period	Periodic Income Payment	GIB (Annual)	Maximum Access Period	Periodic Income Payment	GIB (Annual)
55	40 yrs	\$23,157	\$23,157	60 yrs	\$21,149	\$21,149
60	35 yrs	\$24,299	\$24,299	55 yrs	\$21,623	\$21,623
→ 65	30 yrs	\$25,771	\$25,771	50 yrs	\$22,226	\$22,226
70	25 yrs	\$27,956	\$27,956	45 yrs	\$23,015	\$23,015
75	20 yrs	\$31,004	\$31,004	40 yrs	\$24,039	\$24,039
80	20 yrs	\$32,435	\$32,435	35 yrs	\$25,758	\$25,758

Assumptions: Election Age 65, \$500,000, minimum Access Period (30 Years)
 The initial Periodic Income Payment is determined to be \$25,771 and the Guaranteed Income Benefit is set to 100% of that amount.

Note: running an illustration is the best way to calculate the initial Periodic Income Payment.

Periodic Income Payment

How are subsequent Periodic Income Payments calculated?

Step 1: Each year, on the Rider Anniversary, calculate the Periodic Income Payment based on the current Account Value.

Step 2: Determine the applicable Guaranteed Income Benefit (GIB).

Step 3: The calculated Periodic Income Payment is compared to the Guaranteed Income Benefit; the greater of the two amounts will be paid for the upcoming Contract/Rider Year.

Note: *i4LIFE*® income payments will reduce the Account Value.

Subsequent Payments (Determined annually)

Subsequent *i4LIFE*® income payments have the potential to increase; however, the net allocated interest has to be greater than the 4% Benchmark Index Rate and the Rider Charge in order for the income to increase. This might happen in the early years of the contract.

In later years, more and more of the *i4LIFE*® income is GIB protection. In order for the *i4LIFE*® income to increase, the calculated Periodic Income Payment would need to be greater than the GIB.

Regardless of the interest account performance, the *i4LIFE*® income will never be lower than the Guaranteed Income Benefit (GIB).

During the Access Period: Calculating Subsequent Payments

On each Rider Anniversary, the Periodic Income Payment will be recalculated by dividing the current Account Value by 1000 and multiplying this result by the applicable Annuity Factor. The increase or decrease in the calculated Periodic Income Payment will reflect allocation performance over the past 12-months.

The client will receive the *i4LIFE*® income payment, which is the greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit.

Lifetime Income Period: Calculating Subsequent Payments

The first payment for the Lifetime Income Period is found by dividing the Account Value as of the end of the Access Period by 1000 and multiplying the result by the applicable Annuity Factor (regardless of the frequency of the payments). The client will receive the greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit.

If the *i4LIFE*® income payments deplete the Account Value during the Access Period, the Lifetime Income Period begins, and the GIB would be payable for life.

Here's how it works:

- The annual net allocation performance must be higher than the BIR in order for the Periodic Income Payments to increase. "Net" allocation performance takes into account the Rider Charge, and is measured by the annual percent change of the Account Value, which reflects the deduction for the *i4LIFE*® income payments.
- If net allocation performance is lower than or equal to the BIR, the payment will remain level, since the Guaranteed Income Benefit will apply.
- The greater of the annual calculated Periodic Income Payments or the Guaranteed Income Benefit is transferred to the Periodic Income Payment Account. Modal payments are distributed from this account.

Periodic Income Payment

Increase in *i4LIFE*® income in the early years:

This example is for a Male, age 65, \$500,000 premium with an Access Period of 30 years:

Beginning of Year	Accumulation Value	GMCSV	Surrender Value	Allocated Interest Credited *	S&P 500® Daily Risk Contr 5% Index change	S&P 500® Index change	Income/ Withdrawals	<i>i4LIFE</i> Indexed Advantage	
								Income Payment	Non-taxable Income
1	474,229	411,729	435,817	N/A	N/A	N/A	25,771	25,771	15,854
2	479,138	392,725	440,328	7.17%	9.41%	25.95%	26,416	26,416	15,854
3	481,305	372,850	446,651	6.66%	8.68%	18.49%	26,943	26,943	15,854
4	450,136	352,618	421,777	0.07%	1.09%	-11.82%	26,943	26,943	15,854
5	418,916	332,022	396,295	0.00%	-1.06%	-10.02%	26,943	26,943	15,854

The Allocated Interest Credited column represents the gross return (the annual percent change in the Accumulation Value). To estimate the impact on the next year's payment, we need to account for the deduction of the rider fee of \$4,505 and account for the Benchmark Index Rate of 4%; the "adjusted" return is closer to 2.5%. This increase is reflected in the higher Periodic Income Payment. The Guaranteed Income Benefit is reset to 100% of the new Periodic Income Payment amount of \$26,416. Notice that beginning in the 4th Rider Year the payments remain level (the Guaranteed Income Benefit is the greater of the two values).

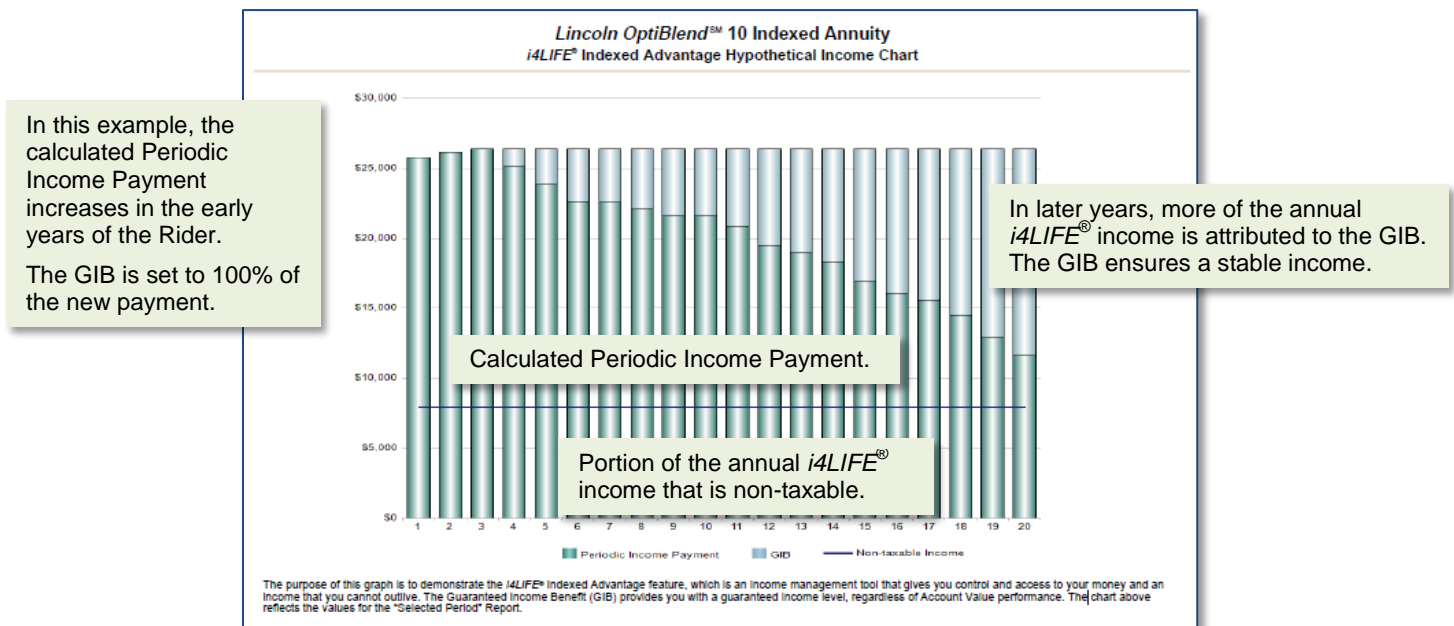
Income Received: Periodic Income Payment versus Guaranteed Income Benefit

This graph illustrates the make-up of the *i4LIFE*® income. It shows the relationship between the calculated Periodic Income Payment (PIP) and the Guaranteed Income Benefit (GIB).

The client will always receive the *i4LIFE*® income: the greater of the calculated Periodic Income Payment and the GIB; payments will be level for the year regardless of whether the dollars are attributed to the PIP or the GIB.

In the graph below, the calculated PIP decreases over time, and more and more of the *i4LIFE*® income is GIB protection. In order for the *i4LIFE*® income to increase, the calculated Periodic Income Payment would need to be greater than the GIB. This may also mean that the Account Value will be depleted before the Access Period is scheduled to end.

If the Account Value is depleted due to the *i4LIFE*® income payments, the Lifetime Income Period will begin and the additional features provided by the Access Period will no longer be available.



Guaranteed Income Benefit (GIB)

How does the Guaranteed Income Benefit (GIB) work?

The calculated Periodic Income Payment may fluctuate based on the performance of the underlying interest accounts and the Account Value. The Guaranteed Income Benefit (GIB) sets the minimum level of income paid for life.

- The GIB amount is set at 100% of the initial Periodic Income Payment; therefore clients are guaranteed that they will never receive less than their first check (assuming no additional Withdrawals).
- Each year, subsequent calculated Periodic Income Payments are compared to the GIB amount and the greater of the two amounts will be paid out as *i4LIFE*® income for that year. If the calculated payment is higher than the prior GIB amount, the GIB is reset to 100% of that higher amount.

Guaranteed Income Benefit

- The Guaranteed Income Benefit (GIB) provides a known amount of level income. The GIB protects against decreases in the income payments due to poor allocation performance and is automatically included as a feature of *i4LIFE*® Indexed Advantage.
- The initial GIB amount is equal to 100% of the first Periodic Income Payment. This is the “worst check” the client will ever receive, assuming no additional Withdrawals.
- If the calculated Periodic Income Payment increases, the GIB will be reset to 100% of the new payment. If this occurs after the 5th Rider Year, the Rider Percentage Charge may increase. A client cannot opt out of the GIB.
- Additional Withdrawals will reduce the GIB proportionately.
- If an extended period of low allocation performance or the deduction of the *i4LIFE*® income payments exhausts the Account Value, the Access Period and death benefit will end and the Owner will receive the GIB for the life of the Annuitant/Secondary Life.

This *i4LIFE*® income will reduce the Account Value.

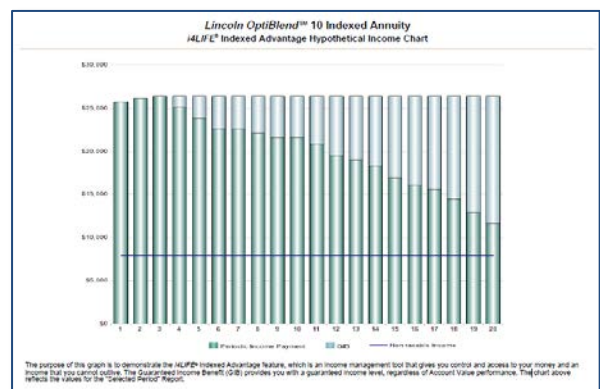
Subsequent GIB Payments

Assumptions: Using the same example as previously, at an Election Age of 65 (Male), \$500,000 premium with the minimum Access Period (30 Years):

The initial Periodic Income Payment is determined to be \$25,771, and the Guaranteed Income Benefit is set to 100% of that amount.

In this example, the calculated Periodic Income Payment increases in the early years of the Rider, and the GIB is set to 100% of the new payment.

After that, the GIB protection kicks in and payment remain level – for life, assuming no additional Withdrawals.



Guaranteed Income Benefit (GIB)

Determining Subsequent GIB Payments

- The GIB will automatically reset every year on the Rider Anniversary to the greater of:
 - The current GIB; or
 - 100% of the current Periodic Income Payment on that reset date.
- The rider fee may increase upon a GIB step-up after the first 5 Rider Years. The client cannot opt out of this fee increase.

The Account Value earnings have to account for the 4% Benchmark Index Rate, the rider fee and the deductions for the *i4LIFE*® income before the calculated Periodic Income Payment will increase. The calculated Periodic Income Payment would also have to be greater than the current GIB in order to apply.

The deductions for the *i4LIFE*® income may affect the length of the Access Period. If an extended downturn exhausts the Account Value prior to the scheduled end of the Access Period, the Access Period will end and the Lifetime Income Period will begin. At this point, the client will receive the GIB for life.

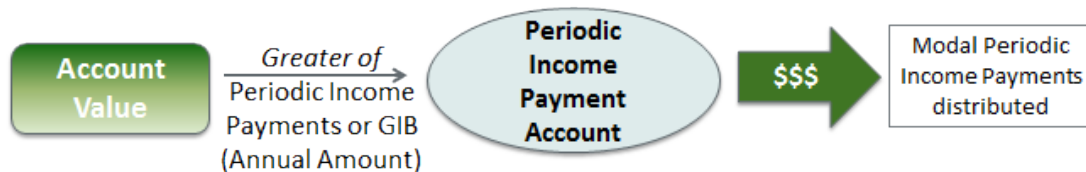
Periodic Income Payment Account

What is the Periodic Income Payment Account?

The Periodic Income Payment Account (PIPA) holds the annual amount of the *i4LIFE*® income. The modal payments are distributed from this account.

The PIPA is not available for reallocation or additional Withdrawals. This account does not earn any interest.

To facilitate the payment of the modal Periodic Income Payments, the annual *i4LIFE*® income is put into the Periodic Income Payment Account:



The greater of the annual calculated Periodic Income Payment or the GIB is taken on a pro-rata basis from the fixed and indexed accounts and transferred to the Periodic Income Payment Account (PIPA). This is done in the beginning of the Contract/Rider Year so as not to disrupt indexed account earnings (indexed account earnings, if any, are paid at the end of the indexed term).

The Periodic Income Payment Account does not earn any interest and is not available for reallocation or additional Withdrawals.

Income starting later in the year

The client can choose to have income start within the first 12 months of the Rider/Contract issue date.

- For the first Rider Year, the entire year's worth of payments are put into the PIPA, but only a portion of the PIPA will be paid out, depending on the month income is to begin (the Periodic Income Commencement Date). The balance of the unpaid amount will remain in the PIPA, but will be included in the total Account Value used to recalculate the next year's Periodic Income Payment.
- For the second Rider Year, only the additional amount needed for that year's payments will be transferred into the PIPA and added to the previous year's remaining balance.
- Starting with the third Rider Year (assuming no additional Withdrawals) the full annual amount of the greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit will be transferred to the PIPA at the beginning of the Rider/Contract year, and subsequently distributed throughout the year. The PIPA balance at the end of the year will be zero.

In this example: M, 65, Access Period of 30 years, \$500,000 premium, income starts in month six.

- Initial Periodic Income Payment: \$2,147.58 (7 payments received in the first year totaling \$15,033)
- The annualized amount is \$25,771.
- Assumes no contract growth and no additional Withdrawals. The \$25,771 amount (the GIB amount being the greater of the calculated Periodic Income Payment and the GIB) is shown to be paid out for the first 3 years:

Periodic Income Payment Account Transactions for the first three Rider Years:

Beg of Year	Amount transferred to PIPA	PIPA Balance (Beg of Year)	Amount distributed from PIPA	Remaining PIPA Balance (End of Year)
1	\$25,771	\$25,771	\$15,033 (7 months)	\$10,738
2	\$15,033	\$25,771	\$25,771 (12 months)	\$0
3	\$25,771	\$25,771	\$25,771 (12 months)	\$0

Periodic Income Payment Account

Timing of the transfer to the Periodic Income Payment Account

The Periodic Income Payment is calculated/recalculated on the Contract/Rider Anniversary, and the applicable Guaranteed Income Benefit determined. The annual amount (that is the total amount to be paid out during the upcoming year) is taken on a pro-rata basis from all the interest accounts and transferred to the Periodic Income Payment Account (PIPA).

Keep in mind that the amount transferred to the PIPA is not included in the interest accounts and therefore not eligible for earnings.

Periodic Income Payment Account Transfers/Allocation Timing for the first three Rider Years:

- Initial Premium: \$500,000
- Premium Allocation: 25% Fixed Account (FA below), 75% Indexed Account A (IA-A below))
- Account reallocated each Contract Anniversary to maintain the 25%/75% balance
- Rider Charge deducted from the Fixed Account
- Assume no contract growth for this example; Guaranteed Income Benefit paid out

\$25,771 is paid out each year as *i4LIFE*® income.

Beg of Year	Interest Accounts	Rider Charge (0.95%)	Amount to PIPA	Pro-rata amount to PIPA	Adjusted Allocation at the beginning of the Contract Year (amount eligible for earnings)		Remaining PIPA Balance (End of Year)
1	\$125,000 FA		\$25,771	\$6,443	\$125,000 - \$6,443 = \$118,557		\$10,738
	\$375,000 IA-A			\$19,328	\$375,000 – \$19,328 = \$355,672		
2	\$118,557 FA	\$4,505	\$15,033	\$3,758	\$118,557 - \$4,505 - \$3,758 = \$110,294		\$0
	\$355,672 IA-A	\$0		\$11,275	\$355,672 - \$11,275 = \$344,397		
3	\$110,294 FA	\$4,077	\$25,771	\$6,443	\$110,294 - \$4,077 - \$6,443 = \$99,774		\$0
	\$344,397 IA-A			\$19,328	\$344,397 - \$19,328 = \$325,069		
4	\$99,774 FA	...And so forth.					
	\$325,069 IA-A						

Note the column for the “Adjusted Allocation”; the amount eligible for earnings is decreasing due to the deduction of the *i4LIFE*® income. The net allocation performance would need to be significantly higher than the 4% Benchmark Index Rate in order for the calculated Periodic Income Payment to be greater than the GIB.

In this example, the GIB sets the level of future income to \$25,771.

10% Free Partial Surrender Amount

Is the 10% Free Partial Surrender amount still available?

Yes, the 10% Free Partial Surrender provision of the base contract is still available.

- Any additional Withdrawal will count toward the 10% free amount. Any excess over the 10% free amount may be subject to a Market Value Adjustment (MVA) and surrender charge (during the surrender charge period), per the base contract terms.
- The Periodic Income Payment and the Guaranteed Income Benefit amounts do not count toward the 10% Free Partial Surrender. The MVA and surrender charge do not apply to the *i4LIFE*® income amount.

10% Free Partial Surrender Amount

The 10% Free Partial Surrender provision is not impacted by the election of *i4LIFE*® Indexed Advantage. The Owner may still withdraw up to 10% of the Accumulation Value each year without incurring any contract charges. However, the 10% Free Partial Surrender will be considered an additional Withdrawal and will impact future *i4LIFE*® income.

Additional Withdrawals will count towards the 10% Free Partial Surrender amount in the year taken and will reduce the amount of future income payments, the Account Value and death benefit.

In the following example, the excess of the \$100,000 additional Withdrawal over the 10% Free Partial Surrender amount will be subject to an MVA and a surrender charge, since it was taken during the first year of the contract (the first year of the surrender charge period). Note: this example is shown monthly to demonstrate the mechanics and timing of the rider. Actual illustrations are shown yearly.

Illustrative example showing withdrawal prior to income start

Joint Life Male - Age 65; Female - Age 62

\$500K Initial Premium

Income start in month 6, additional withdrawal taken in month 3

Illustration assumes 0% Growth with no rider charge for simplification

Year	Month	Accumulation Value (BOM)	Additional Withdrawals	Income Payment	Modal Periodic		Accumulation Value (EOM)
					Income Payment	Guaranteed Income Benefit	
1	1	\$500,000	\$0	\$0	\$2,030	\$2,030	\$500,000
1	2	\$500,000	\$0	\$0	\$2,030	\$2,030	\$500,000
1	3	\$500,000	\$100,000	\$0	\$2,030	\$1,624	\$400,000
1	4	\$400,000	\$0	\$0	\$2,030	\$1,624	\$400,000
1	5	\$400,000	\$0	\$0	\$2,030	\$1,624	\$400,000

The 10% free amount in this example is \$50,000; the excess over the \$50,000 would be subject to an MVA and surrender charge.

Refer to the Additional Withdrawal section for more information.

What if my client needs more than the i4LIFE® income amount at any time?

The Owner may take an additional Withdrawal from the contract's Account Value during the Access Period. However, any additional Withdrawal will impact future Periodic Income Payments, the Guaranteed Income Benefit, the Account Value and death benefit.

Excess Withdrawals may be subject to a Market Value Adjustment and surrender charges during the surrender charge period. Careful consideration should be given prior to taking an additional Withdrawal.

Additional Withdrawals

In addition to the i4LIFE® income, the Owner may request additional Withdrawals during the Access Period. Any additional Withdrawals, in excess of the 10% Free Partial Surrender Amount, may be subject to the contract's Market Value Adjustment (MVA) and surrender charge provisions. Additional Withdrawals will reduce the future Periodic Income Payments, the Guaranteed Income Benefit, the Account Value and death benefit.

- The Account Value and death benefit are immediately reduced by the additional Withdrawal.
- The GIB is immediately adjusted downward for any additional Withdrawals on a pro-rata basis, but will not go into effect until the next contract anniversary.

For example, if 20% of the Accumulation Value is withdrawn, then the GIB will be reduced by 20%.

- The additional Withdrawal will not impact the Periodic Income Payments for the year of the Withdrawal - the payments for the remainder of the year will remain unchanged.

The Periodic Income Payment is recalculated on the contract anniversary and is based on the Account Value at that time (which will already reflect the deduction of the Withdrawal).

The new payment amount will apply at the next contract anniversary.

The following hypothetical example shows how the Periodic Income Payment and GIB amounts are affected by an additional Withdrawal, and is not intended to portray actual results, which will vary.

In this example: M, 65, Access Period of 30 years, \$500,000 premium.

Additional Withdrawal (20% Withdrawal requested) taken in the 5th contract year. The Income/Withdrawal column shows \$101,265 for that year...the additional Withdrawal amount plus the i4LIFE® income of \$25,771.

Lincoln OptiBlendSM 10 Indexed Annuity								
Fixed Indexed Hypothetical Overview								
Hypothetical Illustration "0% Credited" on Indexed Accounts								
Beginning of Year	Accumulation Value	GMCSV	Surrender Value	Allocated Interest Credited		Income/Withdrawals	i4LIFE® Indexed Advantage	
							Income Payment	Non-taxable Income
1	\$474,229	\$411,729	\$435,817	N/A	\$0	\$25,771	\$25,771	\$15,854
2	\$447,036	\$393,370	\$410,826	0.62%	\$0	\$25,771	\$25,771	\$15,854
3	\$419,898	\$374,680	\$389,666	0.61%	\$0	\$25,771	\$25,771	\$15,854
4	\$392,818	\$355,654	\$368,071	0.60%	\$0	\$25,771	\$25,771	\$15,854
5	\$290,304	\$263,126	\$274,628	0.59%	\$0	\$101,265	\$25,771	\$15,854
6	\$266,703	\$247,410	\$254,701	0.10%	\$0	\$20,452	\$20,452	\$12,582
7	\$243,944	\$231,411	\$235,162	0.08%	\$0	\$20,452	\$20,452	\$12,582
8	\$221,329	\$215,125	\$215,353	0.06%	\$0	\$20,452	\$20,452	\$12,582
9	\$198,863	\$198,545	\$198,545	0.04%	\$0	\$20,452	\$20,452	\$12,582
10	\$176,556	\$181,667	\$181,667	0.02%	\$0	\$20,452	\$20,452	\$12,582

An additional Withdrawal will immediately reduce the Account Value and cause the GIB to be recalculated. In Year 5, the adjusted GIB is \$20,452 but the income payment remains \$25,771 for the remainder of the year. The adjusted GIB will apply to the next contract year. The Periodic Income Payment will be recalculated at the beginning of the next Rider Year, and the greater of the calculated Periodic Income Payment or the adjusted GIB will be paid out during that year. See the next page for details on the calculation.

Additional Withdrawals

In this example: Male, age 65, Access Period of 30 years, \$500,000 premium. A 20% additional Withdrawal is requested in the 5th contract year.

Lincoln OptiBlendSM 10 Indexed Annuity									
Fixed Indexed Hypothetical Overview									
Hypothetical Illustration "0% Credited" on Indexed Accounts							i4LIFE [®] Indexed Advantage		
Beginning of Year	Accumulation Value	GMCSV	Surrender Value	Allocated Interest Credited		Income/Withdrawals	Income Payment	Non-taxable Income	
1	\$474,229	\$411,729	\$435,817	N/A	\$0	\$25,771	\$25,771	\$15,854	
2	\$447,036	\$393,370	\$410,826	0.62%	\$0	\$25,771	\$25,771	\$15,854	
3	\$419,898	\$374,680	\$389,666	0.61%	\$0	\$25,771	\$25,771	\$15,854	
4	\$392,818	\$355,654	\$368,071	0.60%	\$0	\$25,771	\$25,771	\$15,854	
5	\$290,304	\$263,126	\$274,628	0.59%	\$0	\$101,265	\$25,771	\$15,854	
6	\$266,703	\$247,410	\$254,701	0.10%	\$0	\$20,452	\$20,452	\$12,582	
7	\$243,944	\$231,411	\$235,162	0.08%	\$0	\$20,452	\$20,452	\$12,582	
8	\$221,329	\$215,125	\$215,353	0.06%	\$0	\$20,452	\$20,452	\$12,582	
9	\$198,863	\$198,545	\$198,545	0.04%	\$0	\$20,452	\$20,452	\$12,582	
10	\$176,556	\$181,667	\$181,667	0.02%	\$0	\$20,452	\$20,452	\$12,582	

The GIB will be reduced in the same proportion that the Withdrawal reduces the Accumulation Value minus the Periodic Income Payment Account. The adjusted GIB for future years is **\$20,452** in this example.

The GIB reduction will be calculated using the formula **A x (B / C)**, resulting in a roughly 20% reduction in the amount of the Guaranteed Income Benefit, where:

A = \$25,771	The GIB in effect immediately before the Withdrawal.
B = \$75,494	<p>The amount of the Withdrawal and any related MVA, surrender charge, and taxes (this example assumes no MVA and no additional taxes).</p> <p>Note: the client asked to be paid after the deduction for the surrender charge and MVA. The withdrawal represents the "gross withdrawal" – the check to the client plus the balance to contract charges.</p> <p>The 20% additional Withdrawal is based on the adjusted Accumulation Value: $\\$365,799 \times 20\% = \\$73,160$. The surrender charge is then added to this amount to get a gross withdrawal amount of \$75,494.</p>
C = \$365,799	<p>The Accumulation Value after the deduction for the Periodic Income Payment Account (PIPA) and immediately before deductions for the Withdrawal and any related MVA, surrender charge, and taxes.</p> <p>Note: The Accumulation Value from the prior year of \$392,818 is increased by the earnings and decreased by the Rider Charge; the amount of the PIPA is then deducted. This is also the amount available for an additional Withdrawal.</p>
A x (B / C) =	<ul style="list-style-type: none"> $\\$25,771 \times (\\$75,494 / \\$365,799) =$ $\\$25,771 \times 0.20638 = \\$5,319$ $\\$25,771 - \\$5,319 = \mathbf{20,452 = \text{Adjusted GIB}}$

The recalculated GIB will be effective on the earlier of the Rider Anniversary following the Withdrawal or on the Business Day the Lifetime Income Period begins as a result of the Account Value being equal to zero (except as a result of a Withdrawal of the entire Account Value) before the end of the Access Period.

Withdrawals made will be deducted from the Fixed Account first. Only after the Fixed Account has been exhausted, will any remaining Withdrawal amounts be deducted next from the Indexed Account(s).

Any Withdrawals that reduce the Account Value to less than required under the Surrenders provision of the Contract or reduce the Fixed Account and Indexed Account(s) to zero will be treated as a Withdrawal of the entire Account Value. Any remaining Account Value in the PIPA will be paid out in a lump sum with the Withdrawal and the contract and rider will terminate.

Additional Withdrawal in first year

It is possible for the client to take an additional Withdrawal prior to the income beginning (prior to the Periodic Income Commencement Date). Though the GIB is recalculated at the time of the additional Withdrawal, it does not go into effect until the next anniversary. The Periodic Income Payment will get recalculated at the next anniversary. The Periodic Income Payment will still be the greater of the Modal Periodic Income Payment and the original GIB. The following example demonstrates what happens in this instance.

In this example:

- Joint life payout for a M, 65 and F, 62, Access Period of 33 years, \$500,000 premium.
- Assumes no earnings.

The initial Periodic Income Payment is \$2,030 with the Periodic Income Commencement Date starting in month six. The client takes \$100,000 additional Withdrawal in the third month. Note: this example is shown monthly to demonstrate the mechanics and timing of the rider. Actual illustrations are shown yearly.

The additional Withdrawal immediately adjusts the GIB by the same proportion that the Withdrawal reduced the Accumulation Value (a 20% reduction), but will not be applicable until the next contract anniversary.

Year	Month	Accumulation Value (BOM)	Additional Withdrawals	Income Payment	Modal Periodic		Accumulation Value (EOM)
					Income Payment	Guaranteed Income Benefit	
1	1	\$500,000	\$0	\$0	\$2,030	\$2,030	\$500,000
1	2	\$500,000	\$0	\$0	\$2,030	\$2,030	\$500,000
1	3	\$500,000	\$100,000	\$0	\$2,030	\$1,624	\$400,000
1	4	\$400,000	\$0	\$0	\$2,030	\$1,624	\$400,000
1	5	\$400,000	\$0	\$0	\$2,030	\$1,624	\$400,000
1	6	\$400,000	\$0	\$2,030	\$2,030	\$1,624	\$397,970
1	7	\$397,970	\$0	\$2,030	\$2,030	\$1,624	\$395,940
1	8	\$395,940	\$0	\$2,030	\$2,030	\$1,624	\$393,910
1	9	\$393,910	\$0	\$2,030	\$2,030	\$1,624	\$391,880
1	10	\$391,880	\$0	\$2,030	\$2,030	\$1,624	\$389,850
1	11	\$389,850	\$0	\$2,030	\$2,030	\$1,624	\$387,820
1	12	\$387,820	\$0	\$2,030	\$2,030	\$1,624	\$385,790
2	13	\$385,790	\$0	\$1,624	\$1,583	\$1,624	\$385,772

- For the first year, the Periodic Income Payment begins on the Income Commencement Date and continues to be paid at the initial level of \$2,030. The additional Withdrawal will not impact the amount of income received in the year of the Withdrawal.
- For the subsequent year, on the Contract/Rider Anniversary, the Periodic Income Payment is recalculated
 - The additional Withdrawal will be reflected in the reduced Account Value. In this example, the subsequent year's calculated Periodic Income Payment equals \$1,583.
 - The calculated Periodic Income Payment is compared to the GIB. The GIB is set to equal the greater of the current GIB or 100% of the Periodic Income Payment. The current GIB of \$1,624 is higher than the calculated Periodic Income Payment. The second year's payment will be based on the GIB of \$1,624.

How are i4LIFE® Indexed Advantage payments taxed?

The *i4LIFE*® income is taxed like traditional annuitization – that is a portion of each payment is received as return of cost basis and a portion as taxable earnings. Once the entire cost basis is received, the payment is fully taxable.

Note: the tax treatment may be different for a full contract surrender.

Private Letter Ruling

The interpretation and administration of the tax law are the subject of treasury regulations and service rulings. Regulations, if not inconsistent with the controlling statute, have the force of law. Rulings are guides to IRS administrative policy. Although the tax statutes are ultimately subject to interpretation by the tax court and other judicial tribunals, the first governmental agency with an interpretive function is the Treasury Department. An important function of the Treasury Department is the promulgation of regulations and rulings so the taxpayers may rely upon administrative interpretations of their transactions.

Revenue rulings are published by the Internal Revenue Service. The published rulings often are decisive administratively, since they represent the IRS position on an issue.

Fixed Indexed Annuity Rider utilizes the mechanics of the PLR for the Variable Annuity Rider

i4LIFE® Indexed Advantage utilizes the mechanics of the Private Letter Ruling (PLR) obtained for *i4LIFE*® Advantage, the variable annuity rider, describing the tax treatment of the income payments.

The rider blends the concept of systematic withdrawals with lifetime income, so it was important for Lincoln to pursue a Private Letter Ruling (PLR) to clarify the tax treatment of the income received.

The ruling is an interpretation of the tax code that applies specifically to *i4LIFE*® Advantage and the tax treatment of *i4LIFE*® income payments during the Access Period.

The discussion of tax treatment that follows is based on the IRS Private Letter Ruling that Lincoln received for *i4LIFE*® Advantage. As always, Owners are encouraged to consult their tax advisors.

Tax Efficiency

The income payments under *i4LIFE*® Indexed Advantage are considered tax-efficient:

The tax treatment of the income payments during and after the Access Period is the same as traditional annuitization. The Owner enjoys the potential for tax-deferred growth and tax-efficient income. Earnings are not taxed until they are paid out as *i4LIFE*® income or additional Withdrawals, so money that may have gone to taxes stays in the annuity.

Income payments are taxed using an exclusion ratio, where each payment is considered part return of cost basis and part earnings. Once the entire cost basis is recovered, all income is taxable as earnings.

Taxation of Payments

i4LIFE® income is a combination of the following two items:

- Excludable Amount - This is the pro-rata return of cost basis that will remain constant until the cost basis is fully recovered. However, additional Withdrawals that affect the cost basis will reduce the excludable amount of the income. The illustration will display the non-taxable portion of each payment. The excludable amount is not subject to income tax while the contract is in force.
- Gain - This portion of the income payment is assumed to come from earnings and is taxed as ordinary income.

Each annuity payment is calculated to include an assumed rate of return. The portion of the income payment that exceeds the excludable amount is always treated as taxable gain, even when the cost basis is higher than the Account Value because of poor performance.

This excludable amount stays the same, regardless of Account Value performance (unless an additional Withdrawal is taken). It is calculated at the time the benefit is elected based on the applicable life expectancy, the length of the Access Period and the assumed future earnings rate.

The excludable amount continues until the cost basis has been completely paid out of the contract. After that, each payment is fully taxable, regardless of Account Value performance.

		Modal Periodic			
Year	Month	Accumulation Value (BOM)	Additional Withdrawals	Income Payment	Guaranteed Income Benefit
1	1	\$500,000	\$0	\$2,030	\$2,030

Assuming the cost basis is \$400,000, the excludable amount from each monthly payment = \$981.13.

Taxation of Additional Withdrawals

Additional Withdrawals from the Account Value are allowed only during the Access Period and are in addition to *i4LIFE*® income payments. The Account Value, Death Benefit, future Periodic Income Payments and Guaranteed Income Benefit will be adjusted relative to any such Withdrawal.

A portion of the Withdrawal taken after the annuity starting date is excludible from income, to the extent that there is cost basis remaining in the contract. This is similar to the tax treatment of the *i4LIFE*® income payments, where a portion of each payment is excludible from income.

Lincoln will report additional Withdrawals taken during the Access Period as being partly includible in income and partly excludible from income.

An additional Withdrawal will reduce the remaining cost basis in the same proportion that the Accumulation Value is reduced. For instance, a 20% additional Withdrawal will reduce the cost basis by the lesser of 20% or the amount of the Withdrawal.

- If the Accumulation Value is greater than the remaining cost basis, the percentage of the Withdrawal that is tax excludible can be determined by dividing the remaining cost basis prior to the Withdrawal by the Accumulation Value prior to the Withdrawal.
- Otherwise, if the Accumulation Value is less than the remaining cost basis, the full Withdrawal is tax excludible.

Any remaining cost basis is then spread over the remaining *i4LIFE*® income payments.

See the following hypothetical example, which illustrates how this works.

Example Cost Basis Calculation for an Additional Withdrawal

In this example, \$80,000 of the \$100,000 withdrawal is considered to be excludible from income. The remaining basis is adjusted accordingly, and this amount is spread over the remaining payments.

Contract value before Withdrawal:	\$500,000
Cost Basis before Withdrawal:	\$400,000 (so \$100,000 gain)
Income Payment prior to the Withdrawal:	\$24,360 (\$2,030 x 12)
Tax Excludable Portion prior to Withdrawal:	\$11,774 (\$981.13 x 12)
Amount of additional Withdrawal:	\$100,000
Proportionate reduction in value:	$\$100,000 / \$500,000 = 20\%$
Proportionate reduction in basis:	$\$400,000 \times 20\% = \$80,000$
Breakdown of Withdrawal:	
Basis: \$80,000	
Gain: <u>\$20,000</u>	
Total: \$100,000	
Percentage of Withdrawal that is tax excludible =	$\$400,000 / \$500,000 = 80\%$
Remaining basis:	\$320,000 (spread over remaining payments)
<u>At the next contract anniversary:</u>	
Greater of adjusted GIB or Periodic Income Payment:	\$19,488 (\$1,624 x 12)
Tax Excludable Portion after Withdrawal:	$\$9,419 = \$11,774 \times 80\%$ $\$785 = \$981.13 \times 80\%$ (monthly)

New Money – Issue Age younger than age 59½

If *i4LIFE*® Indexed Advantage is elected at issue (with new annuity money), neither the *i4LIFE*® Indexed Advantage income nor any additional Withdrawals will be reported as a premature distribution, regardless of the Owner's age at the time of the Withdrawal.

Lincoln views this as a lifetime annuity payout with “substantially equal payments,” and thus both the income and any additional Withdrawal will qualify for an exception to the 10% penalty.

However, if the Access Period is changed prior to age 59½, this may negate the substantially equal payments exception. While that event will likely not have an immediate negative tax impact, any future withdrawals after the Access Period change and prior to satisfying the 5-Year / Age 59½ rule, will not qualify for an exception to the 10% penalty. (Additional Withdrawals may be taken only during the Access Period).

1035-Exchange – Issue Age younger than age 59½

If *i4LIFE*® Indexed Advantage is elected at issue on a new deferred annuity that was funded through a 1035 exchange prior to the owner reaching age 59½, all earnings paid out as an additional Withdrawal before satisfying the 5-Year/Age 59½ rule, as well as earnings paid out as *i4LIFE*® income prior to the additional Withdrawal, may be subject to a 10% IRS tax penalty.

In other words, for nonqualified contracts that have grown tax-deferred within an annuity (and came to Lincoln through a 1035-exchange), and elect *i4LIFE*® Indexed Advantage prior to age 59½, all current and prior taxable distributions may be subject to the 10% federal tax penalty if, prior to reaching the later of age 59½ or 5 years the:

- Owner requests an additional Withdrawal,
- Owner changes the Access Period.

However, the 10% penalty does not apply to the portion of the *i4LIFE*® income that is return of cost basis (i.e. the excludable amount).

Taxation when terminating *i4LIFE*® Indexed Advantage/Contract

If the Owner wants to terminate *i4LIFE*® Indexed Advantage by surrendering the deferred annuity contract during the Access Period, the entire gain on the contract will be taxed in the year of distribution. Lincoln will issue a 1099 stating the Owner had received the gain.

If the Owner chooses to terminate their contract during the Access Period, the entire gain on the Contract may be taxed in the year of termination.

The Owner may choose to 1035 exchange the fixed indexed annuity with *i4LIFE*® Indexed Advantage to a “like” immediate annuity contract at another insurance company. The Owner must provide proof to Lincoln that the Account Value is being exchanged into an immediate annuity and not a deferred annuity.

- An exchange into a deferred annuity would not qualify as a 1035 tax-free exchange and Lincoln will report all gain on a 1099-R in the year of the exchange.

Allocation Requirements

What are the premium allocation requirements if i4LIFE® Indexed Advantage has been elected?

The premium can be allocated (or reallocated on the contract anniversary) as follows:

- To the Fixed Account; since the rider fee is deducted from the Fixed Account first, clients may wish to allocate enough of the premium to the Fixed Account to cover the charge.
- To any eligible 1-Year Indexed Account.

The premium can be allocated to the Fixed Account and any eligible 1-Year indexed account. The initial allocation is specified on the application supplement. Subsequent reallocation of the Account Value is available at each contract anniversary. The Owner will receive a Reallocation Notice with the Annual Statement.

The rider fee is deducted annually and will be taken from the Fixed Account first. Clients may wish to allocate a portion of the premium/Account Value to the Fixed Account to cover the rider fee.

Reminder: Additional premiums are not accepted. Also, indexed accounts which have an indexed term greater than one year are not available for allocation or reallocation. Therefore, the 2-Year Point-to-Point Indexed Account in *Lincoln New Directions*® 8 fixed indexed annuity is not available for allocation or reallocation if the i4LIFE® Indexed Advantage rider is elected.

The Benchmark Index Rate at launch is 4.00%; this should be considered when allocating premium/Account Value.

Indexed Account	Index	Index Methodology (Overview)	Products
Performance Triggered (Specified Rate)	S&P 500® Index	If index annual percent change is 0.00% or higher, earn Specified Rate . Earnings = 0% or Specified Rate.	All products
Point-to-Point (with a cap)	S&P 500® Index	Index annual percent change up to the Indexed Interest Cap . Maximum earnings = Indexed Interest Cap.	<i>Lincoln OptiBlend</i>
Volatility Controlled Point-to-Point (with a spread)	S&P 500 Daily Risk Control 5%™ Index	Index annual percent change minus the Indexed Interest Spread . Earnings = any amount above the Indexed Interest Spread.	<i>Lincoln OptiBlend</i>
Monthly Average (with a spread)	S&P 500® Index	Average of monthly values minus the beginning value, divided by the beginning value. The Indexed Interest Spread is then subtracted from the result.	<i>Lincoln OptiChoice</i>
Monthly Cap (with a cap)	S&P 500® Index	Sum of the Index monthly percent changes. Monthly returns up to the Monthly Indexed Interest Cap . No limit for negative returns.	<i>Lincoln OptiChoice</i>

- **S&P 500® Index** is a Price Index and does not include dividends.
- **S&P 500 Daily Risk Control 5%™ Index** is a Total Return Index and does include dividends.

Is there any death benefit if i4LIFE® Indexed Advantage has been elected?

Yes, a death benefit is available during the Access Period and may be payable in a lump sum or as a continuance of the Periodic Income Payments, depending on the contract structure and timing of death.

If death occurs during the Access Period:

- The Periodic Income Payments may continue, depending on whether the Owner, Annuitant or Secondary Life dies.
 - After the Access Period ends, if the Annuitant or Secondary Life is still alive, payments will continue until the survivor's death.
- Lump sum death benefit available (Contract/Rider terminates).

If death occurs during the Lifetime Income Period:

- Income payments will continue until the Annuitant's (or Secondary Life's) death, and then payments stop.

See the [Death Benefit Options Payout Chart](#) for more information.

The Secondary Life may be either a spouse or a non-spouse.

Death Benefit options for payment of distributions depend upon several factors:

- Single Life Payout/Joint Life Payout,
- Contract structure,
- Beneficiary/Owner Assumptions, and
- Timing of death (during or after the Access Period).

Death benefit payment options will vary depending on the combination of the above factors. To check the payment options for a specific situation, see the "[Death Benefit Payment Options Charts](#)".

What is the charge for i4LIFE Indexed Advantage?

The charge is currently 0.95% (times the Account Value minus the upcoming year's annual i4LIFE® income) for both single and joint life payouts, with a maximum Rider Charge of 2.00%.

The Rider Charge Percentage is as follows and is guaranteed for the first 5 Rider Years:

- Single and Joint life payout: 0.95% (maximum of 2.00%)

After the 5th Rider Year, the Rider Charge Percentage may increase if the GIB increases. The client cannot opt out of resetting the GIB.

The Rider Charge Percentage is multiplied times the Account Value on the previous Contract/Rider Anniversary, minus the annual i4LIFE® income payment in that previous year.

The fee for the rider is deducted annually from the Account Value, and is taken first from the Fixed Account. Once the Fixed Account is depleted, the fee will be deducted pro-rata across the Indexed Accounts. It is lastly deducted from the Periodic Income Payment Account.

- The fee is determined by multiplying the Rider Charge times the Account Value minus the annual i4LIFE® income payment. The rider fee is assessed annually beginning with the first Rider Anniversary, and covers the previous 12-month period.
- Consider having clients allocate enough of the Account Value to the Fixed Account to cover the Rider fee.
- The fee for the rider will be discontinued once the entire Account Value is depleted.
- If the calculated Periodic Income Payment does not increase, the GIB will remain at the current level and the charge will not increase.
- The i4LIFE® Rider Charge is multiplied times the Account Value and the Account Value will generally decrease over time. If the Rider Charge Percentage stays the same and the Account Value decreases, the fee itself will generally decrease.

After the Rider Charge Guarantee Period expires, the Rider Charge may change to the then-current charge for new elections if the Guaranteed Income Benefit steps-up to the newly-calculated Periodic Income Payment.

Rider Charge Calculation

Single Life example is as follows:

- Account Value on the Contract Anniversary = \$500,000
- Annual i4LIFE® income for the prior year = \$25,771

The rider fee is calculated on each Rider Anniversary:

(A + B) x C, where		Variable	Definition	Example
A =			Account Value on the prior anniversary	\$ 500,000
B =			Annual i4LIFE® income for the prior year	\$25,771
C =			Rider Charge Percentage	0.95%
$(A + B) \times C = (\$500,000 - \$25,771) \times 0.95\%$ $= \$4,505 = \text{Annual rider fee (deducted from the Fixed Account first)}$				

Can the i4LIFE Indexed Advantage rider be terminated?

The rider cannot be terminated independent of the underlying contract (the whole contract would need to be surrendered in order to terminate the rider).

The rider automatically terminates in the following situations:

Effective on the valuation date of the event:

- Termination of the contract to which the rider is attached.
- Written request from Owner. This will be viewed as a request to terminate the contract as a whole.
- If the Account Value is reduced to zero as a result of an additional Withdrawal before the end of the Access Period.
- In the event the contract to which this rider is attached is sold, discounted, or pledged for collateral for a loan or as security for the performance of an obligation or for any other purpose.
- If the underlying contract is assigned.
- If the Owner is changed, except:
 - Change of Ownership due to spousal continuation; or
 - Addition of a spouse as a Joint Owner; or
 - Removal of a spouse as a Joint Owner.
- For certain death scenarios.

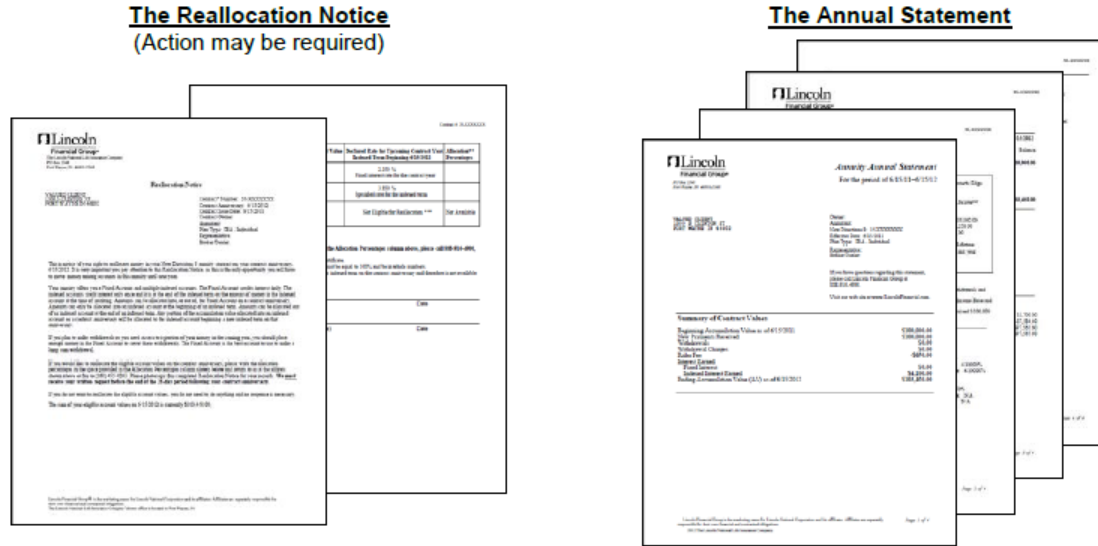
Pro-Rata Charge Upon Rider Termination

If the rider is terminated for any reason other than death, a pro-rata charge will apply. The calculation and an example of the pro-rata charge are shown below.

A x B x (C/D), where:	Definition	Example
A =	Rider Charge Percentage	0.95%
B =	Account Value as of the previous Rider Anniversary less the annual <i>i4LIFE</i> ® income	\$94,750
C =	Number of days since the last Rider Anniversary	135 Days
D =	Number of days from the prior Rider Anniversary to the next Rider Anniversary	365 Days
A x B x (C / D) =	0.95% x \$94,750 x (135/365) 0.95% x \$94,750 x 0.369863 0.95% x \$35,045 0.95% x \$35,045 = \$333	= \$333 Pro-rata fee for the rider.

Annual Statement and Reallocation Notice

The regular underlying annuity contract statements, etc. will be utilized. Information regarding *i4LIFE*® Indexed Advantage will be included. The transactions involving the Periodic Income Payment Account will be included.



i4LIFE® Indexed Advantage Reporting

The Annual Statement will include:

- An accounting of the Periodic Income Payment Account with all transactions shown for the prior year
- The *i4LIFE*® income for the upcoming year (the greater of the calculated Periodic Income Payment and the Guaranteed Income Benefit), and
- Any death benefit available.

The *ForeSight* Annuity Illustration System will illustrate the base contract and the *i4LIFE*® Indexed Advantage rider for 20 years where possible.

- A new page, the “Fixed Indexed *i4LIFE*® Indexed Advantage Overview” provides general information and several key features of *i4LIFE*® Indexed Advantage.
- The report page has additional columns for illustration of the *i4LIFE* annuity payout option.
 - The excerpt below shows the additional columns used for the *i4LIFE* income. An explanation of those columns follows:

Column	Comments
1	<ul style="list-style-type: none">• <i>i4LIFE</i> Indexed Advantage Income Payment <p>The <i>i4LIFE</i>® income shown here will be the greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit.</p>
2	<ul style="list-style-type: none">• Non-taxable Income <p>The portion of each payment that is excluded from taxable income. This represents a return of cost basis and is not taxable.</p>
3	<ul style="list-style-type: none">• Income/Withdrawals <p>This column shows the annual payments and any additional Withdrawals.</p>

Lincoln OptiBlend SM 10 Indexed Annuity Fixed Indexed Selected Period Overview											
The tables in this illustration are hypothetical and may not be used to project or predict future performance.											
Prepared for:											
Owner	Valued Client	Age	50	Gender	Male	Tax Status	Nonqualified	State of Issue	Indiana	Initial Premium	\$500,000
Joint Owner	Joint Client	Age	60	Gender	Female						
Annuitant Life	Primary Covered Life	Age	70	Gender	Male						
Secondary Life	Secondary Covered Life	Age	75	Gender	Female						
"Selected Period" – from 1/1/1998 to 1/1/2017											
Beginning of Year	Accumulation Value	GMCSV	Surrender Value	Allocated Interest Credited	S&P 500 Daily Risk Control 5% Index Change	S&P 500® Index Change	Additional Premium	Income/Withdrawals	<i>i4LIFE</i> ® Indexed Advantage		
									Income Payment	Non-taxable Income	
1	\$472,560	\$410,060	\$434,282	N/A	N/A	N/A	\$0	\$27,440	\$27,440	\$9,326	
2	\$470,173	\$389,637	\$432,089	5.98%	6.41%	25.05%	\$0	\$27,804	\$27,804	\$9,326	
3	\$465,762	\$368,570	\$432,218	5.95%	8.68%	18.46%	\$0	\$28,080	\$28,080	\$9,326	
4	\$433,248	\$347,124	\$405,953	0.00%	1.09%	-11.82%	\$0	\$28,080	\$28,080	\$9,326	
5	\$401,052	\$325,293	\$379,395	0.00%	-1.06%	-10.02%	\$0	\$28,080	\$28,080	\$9,326	
6	\$369,162	\$303,068	\$352,550	0.00%	-4.58%	-21.27%	\$0	\$28,080	\$28,080	\$9,326	
7	\$359,121	\$280,443	\$346,192	5.42%	8.37%	21.04%	\$0	\$28,080	\$28,080	\$9,326	
8	\$341,979	\$257,411	\$332,745	3.71%	4.79%	8.44%	\$0	\$28,080	\$28,080	\$9,326	
9	\$323,170	\$233,965	\$317,352	3.38%	4.13%	5.55%	\$0	\$28,080	\$28,080	\$9,326	
10	\$312,917	\$210,098	\$310,101	5.65%	9.62%	11.65%	\$0	\$28,080	\$28,080	\$9,326	

The illustration system will show the first 20 years of the Access Period.

- The initial Periodic Income Payment will be calculated based on the Access Period chosen, even if only the first 20 years are shown.
- The contract structure is displayed (Owners and Covered Life).
- Note the impact on the Accumulation Value as the *i4LIFE*® income payments are paid out over the years.

Running an illustration for the client’s situation is the best way to calculate the initial Periodic Income Payment.

Access Period Comparison Check Box

If this box is checked during data entry, the "0% Credited" page of the illustration will show the initial Periodic Income Payment for both the minimum and maximum Access Periods. This shows the client how the length of the Access Period impacts the income amount, and helps them determine which is more important: the flexibility of the Access Period or the income amount.

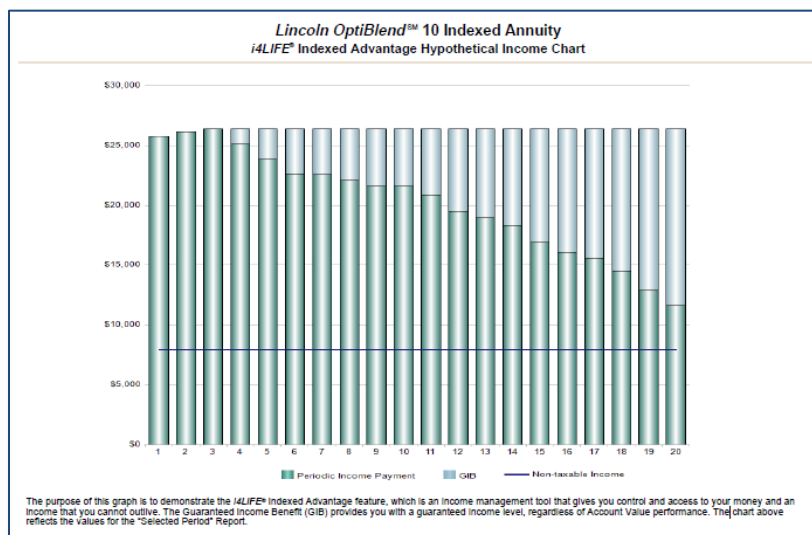
Access Period Variations Reflecting Initial Incomes		
[30] Year Minimum Access Period = \$5,051		[55] Year Maximum Access Period = \$3,597

Additional Premiums (flexible premium contracts)

Additional premiums are not allowed with the election of *i4LIFE*® Indexed Advantage; if the rider has been elected, the *ForeSight* data entry system will block any input for additional premiums.

Periodic Income Payment versus Guaranteed Benefit Amount Graph

The client will receive the greater of the calculated Periodic Income Payment or the Guaranteed Income Benefit (GIB). As the Account Value is depleted over the years, the importance of the GIB is readily seen in this graph, and helps manage expectations for future income.



Lifetime Income Period

Should the Account Value go to zero, the GIB will be paid for life. In the illustration system, 20 years of income are illustrated.

Special State Exceptions for Illustrating the Volatility Controlled Point-to-Point Indexed Account: AL, CO, IA, OH, ME, MO, RI and WV

The Volatility Controlled Point-to-Point indexed account (*Lincoln OptiBlend*™ fixed indexed annuity) cannot be illustrated in Alabama, Colorado, Iowa, Maine, Missouri, Ohio, Rhode Island and West Virginia due to state regulations.

These states require a minimum of at least 10 years of index history in order to illustrate; the S&P 500 Daily Risk Control 5% Index was launched in 2009, which is the index used with this indexed account.

Lincoln OptiBlend™ fixed indexed annuity, including this indexed account, is available for purchase in these states even though the Volatility Controlled Point-to-Point indexed account cannot be illustrated. The *ForeSight* Annuity Illustration System will not allow any allocation into this indexed account for these states; there is a warning message shown on the client information page.

Even though the Volatility Controlled indexed account cannot be illustrated in these states, premium can be allocated to this indexed account if *i4LIFE*® Indexed Advantage has been approved in that state.

Contract Structuring

The charts on the following pages provide the options available upon death for various contract structures.

Single Owner is Annuitant/Spouse Primary Beneficiary/Child as Contingent Beneficiary

Structure	Owner(s)	Annuitant	Death of:	Beneficiary	Contract Disposition upon death:
Single Owner is Annuitant Spouse Primary Beneficiary Child as Contingent Beneficiary	Husband	Husband	Husband	Wife or Child	<u>During Access Period:</u> Death Benefit payable in lump sum
				Wife	Surviving Spouse may assume contract and continue the Periodic Income Payments. The Periodic Income Payments are no longer lifetime as the Annuitant is deceased and the GIB terminates. As new Owner, Spouse may change Access Period and other features.
				Child	Non-spouse Beneficiary may continue Periodic Income Payments at least as rapidly. The Periodic Income Payments are no longer lifetime as the Annuitant is deceased and the GIB terminates. Beneficiary cannot change the Access Period.
				Wife or Child	<u>During Lifetime Income Period:</u> <i>i4LIFE</i> income stops and contract/rider terminates.

Joint Owners/Spousal Annuitants/Child (Non-Spouse) as Primary Beneficiary

Structure	Owner(s)	Annuitant	Death of:	Beneficiary	Contract Disposition upon death:
Spousal Joint Ownership Spousal Annuitants Non-Spouse Primary Beneficiary (e.g. grandparent, child, previous spouse, family friend)	Husband and Wife	Husband Annuitant Wife Secondary Life	Husband or Wife	Survivor	<u>During Access Period:</u> Death Benefit payable in lump sum
			Husband or Wife	Survivor	Surviving spouse may continue the <i>i4LIFE</i> income. The income payments will continue for the life of the surviving spouse with the GIB. Spouse may change Access Period and other features.
			Last Survivor	Child	Death Benefit payable in lump sum
			Last Survivor	Child	Non-spouse Beneficiary may continue Periodic Income Payments at least as rapidly. The Periodic Income Payments are no longer lifetime as the Annuitant is deceased and the GIB terminates. Beneficiary cannot change the Access Period.
			Husband or Wife	Survivor	<u>During Lifetime Income Period:</u> No Death Benefit is payable. Surviving spouse must continue the <i>i4LIFE</i> income for his/her lifetime with the GIB.
			Last Survivor	Child	<i>i4LIFE</i> income stops and contract/rider terminates.

Single Owner is Annuitant/Child (Non-Spouse) as Primary Beneficiary

Structure	Owner(s)	Annuitant	Death of:	Beneficiary	Contract Disposition upon death:
Single Owner is Annuitant Non-Spouse Primary Beneficiary (e.g. grandparent, child, previous spouse, family friend)	Mother	Mother	Mother	Child	During Access Period: Death Benefit payable in lump sum
				Child	Non-spouse Beneficiary may continue Periodic Income Payments at least as rapidly. The Periodic Income Payments are no longer lifetime as the Annuitant is deceased and the GIB terminates. Beneficiary cannot change the Access Period.
				Child	During Lifetime Income Period: <i>i4LIFE</i> income stops and contract/rider terminates.

Single Owner is Annuitant/Spouse is Secondary Life and Primary Beneficiary/Non-Spouse Contingent

Structure	Owner(s)	Annuitant	Death of:	Beneficiary	Contract Disposition upon death:
Single Owner is Annuitant Spouse is Secondary Life and Primary Beneficiary Non-Spouse Contingent	Husband	Husband Annuitant Wife Secondary Life	Husband	Wife or Child	During Access Period: Death Benefit payable in lump sum
			Husband	Wife	Surviving Spouse may continue the contract and <i>i4LIFE</i> income. The income payments will continue for the life of the surviving spouse with the GIB. Spouse may change Access Period and other features.
			Wife	Husband	Surviving Spouse as Owner may continue the <i>i4LIFE</i> income. The income payments will continue for the life of the surviving Spouse with the GIB. Spouse may change Access Period and other features. No Death Benefit available on death of Secondary Life that is not an Owner.
			Last Survivor	Child	Non-spouse Beneficiary may continue Periodic Income Payments at least as rapidly. The Periodic Income Payments are no longer lifetime as Annuitant is deceased and GIB terminates. Beneficiary cannot change the Access Period.
			Husband or Wife	Survivor	During Lifetime Income Period: No Death Benefit is payable. Surviving spouse must continue the <i>i4LIFE</i> income for his/her lifetime with the GIB.
			Last Survivor	Child	<i>i4LIFE</i> income stops and contract/rider terminates.

Revocable Trust Ownership

Structure	Owner(s)	Annuitant	Death of:	Beneficiary	Contract Disposition upon death:
Revocable Trust Ownership	Trust FBO Individual	Individual	Individual	Trust FBO Individual	<u>During Access Period:</u> Death Benefit payable in lump sum.
				Trust FBO Individual	The trust may continue Periodic Income Payments at least as rapidly. The Periodic Income Payments are no longer lifetime as the Annuitant is deceased and the GIB terminates.
				Trust FBO Individual	<u>During Lifetime Income Period:</u> <i>i4LIFE</i> income stops and contract/rider terminates.

Death Benefit Payout Options

This section does not distinguish between spousal and nonspousal beneficiaries because with nonqualified contracts, both types of beneficiaries may continue periodic income payments.

Spousal Definition:

For purposes of Joint Owners, Living Benefit Riders and beneficiaries, the term “Spouse” means a spouse as defined under Federal law. The term “spouse” does not include a domestic partner, civil union partner, or other status that is not recognized as a spouse under Federal law. Lincoln will treat couples claiming any other status not recognized as a marriage under Federal law as unmarried individuals for Federal income tax purposes.

Refer to the Death Benefit Payout Options outlined on the following pages.

Scenario – Death of First Measuring Life as an Owner

These two scenarios are covered by the chart below:

- Death of the Annuitant on a joint life payout with the Secondary Life still living
- Death of the Secondary Life on a joint life payout with the Annuitant Life still living

i4LIFE® Indexed Advantage Continuation Options for surviving Owner or Beneficiary

Death during Access Period:

- MAY elect lump sum Death Benefit on death of Owner
- MAY continue the lifetime *i4LIFE*® income (the greater of the calculated Periodic Income Payment or the GIB) to surviving measuring life
 - **WILL NOT be able to designate a new Annuitant or Secondary Life**
 - WILL continue Access Period in effect at Owner's death
 - MAY, as a surviving Owner, lengthen Access Period to decrease & decelerate payments (only available to spouse after death of spousal Owner; N/A to nonspouse beneficiary)
 - MAY continue to take additional Withdrawals
 - MAY continue Death Benefit on surviving Owner, if applicable
 - WILL continue exclusion amount on surviving measuring life until basis is fully recovered, and then the *i4LIFE*® income payments will be fully taxable

Death after Access Period:

- WILL continue the lifetime *i4LIFE*® income (the greater of the calculated Periodic Income Payment or the GIB) to the surviving measuring life
 - **WILL NOT be able to designate a new Annuitant or Secondary Life**
 - WILL NOT have an Access Period – once ended the Access Period cannot be restarted
 - WILL NOT be able to take additional Withdrawals
 - WILL NOT have a Death Benefit
 - WILL continue exclusion amount on surviving measuring life until basis is fully recovered, and then the *i4LIFE*® income payments will be fully taxable

Scenario – Death of First Measuring Life *not* an Owner

These two scenarios are covered by the chart below:

- Death of Annuitant on a joint life payout with Secondary life still living
- Death of Secondary Life on a joint life payout with the Annuitant still living

i4LIFE® Indexed Advantage Continuation Options for current Owner retaining Ownership or current Beneficiary continuing contract

Death during Access Period:

- MAY elect lump sum Death Benefit on death of the Annuitant; HOWEVER, NO DEATH BENEFIT IS PAID ON DEATH OF SECONDARY LIFE WHO IS NOT ALSO AN OWNER
- MAY continue the lifetime *i4LIFE*® income (the greater of the calculated Periodic Income Payment or the GIB) to surviving measuring life
 - **WILL NOT be able to designate a new Annuitant or Secondary Life**
 - WILL have a new Access Period calculated based on current *i4LIFE*® income payments in order to exhaust Account Value
 - MAY, as a surviving Owner, lengthen Access Period to decrease & decelerate payments (only available to spouse after death of spousal Owner; N/A to nonspouse beneficiary)
 - WILL continue ability to take additional Withdrawals
 - WILL continue Death Benefit on surviving Owner or Annuitant
 - WILL continue exclusion amount on surviving measuring life until basis is fully recovered, and then the *i4LIFE*® income payments will be fully taxable

Death after Access Period:

- WILL continue the lifetime *i4LIFE*® income (the greater of the calculated Periodic Income Payment or the GIB) to surviving measuring life
 - **WILL NOT be able to designate a new Annuitant or Secondary Life**
 - WILL NOT have an Access Period – once ended the Access Period cannot be restarted
 - WILL NOT have ability to take additional Withdrawals
 - WILL NOT have a Death Benefit
 - WILL continue exclusion amount on surviving measuring life until basis is fully recovered, and then the *i4LIFE*® income payments will be fully taxable

Scenario – Death of Last Surviving Measuring Life as an Owner

These three scenarios are covered by the chart below:

- Death of the Annuitant on a single life payout
- Death of the Annuitant on a joint life payout with the Secondary Life already deceased
- Death of the Secondary Life on a joint life payout with Annuitant already deceased

i4LIFE® Indexed Advantage Continuation Options for surviving Owner or the Beneficiary

Death during Access Period:

- MAY elect Lump sum Death Benefit upon death of Owner
- MAY continue “at least as rapidly” the non-life calculated Periodic Income payments (without GIB)
 - **WILL NOT be able to designate a new Annuitant or Secondary Life**
 - WILL have a new Access Period calculated based on current calculated Periodic Income Payments in order to exhaust Account Value by end of new Access Period
 - WILL continue ability to take additional Withdrawals
 - WILL continue Death Benefit on surviving Owner, if applicable
 - WILL NOT continue exclusion amount; the Periodic Income Payments will become entirely basis until basis is fully recovered, and will then be fully taxable

Death after Access Period:

- WILL terminate *i4LIFE*® Indexed Advantage rider and the Periodic Income Payments

Scenario – Death of Last Surviving Measuring Life *not* an Owner

These three scenarios are covered by the chart below:

- Death of Annuitant on a single life payout
- Death of Annuitant on a joint life payout with Secondary life already deceased
- Death of Secondary Life on a joint life payout with the Annuitant already deceased

***i4LIFE*® Indexed Advantage Continuation Options for current Owner retaining Ownership or current Beneficiary continuing contract**

Death during Access Period:

- MAY elect lump sum Death Benefit on death of the Annuitant; HOWEVER, NO DEATH BENEFIT IS PAID ON DEATH OF SECONDARY LIFE WHO IS NOT ALSO AN OWNER
- MAY continue “at least as rapidly” the non-life calculated Periodic Income payments (without GIB) to surviving Owner
 - **WILL NOT be able to designate a new Annuitant or Secondary Life**
 - WILL have a new Access Period calculated for surviving Owner based on current calculated Periodic Income Payments in order to exhaust Account Value
 - Surviving Owner MAY lengthen Access Period to decrease & decelerate payments (only available to spouse after death of spousal Owner; N/A to nonspouse beneficiary)
 - WILL continue ability to take additional Withdrawals
 - WILL continue Death Benefit on surviving Owner, if applicable
 - WILL NOT continue exclusion amount; the Periodic Income Payments will become entirely basis until basis is fully recovered, and will then be fully taxable

Death after Access Period:

- WILL terminate *i4LIFE*® Indexed Advantage rider and Periodic Income Payments

Scenario – Death of Owner with Measuring Life Still Living

These two scenarios are covered by the chart below:

- Death of Owner on a single life payout with the Annuitant still living
- Death of Owner on a joint life payout with Annuitant and/or Secondary Life still living

i4LIFE® Advantage Continuation Options for surviving Owner or the Beneficiary

Death during Access Period:

- MAY elect lump sum Death Benefit on death of Owner
- MAY continue the lifetime *i4LIFE*® income (the greater of the calculated Periodic Income Payment or the GIB) to the surviving measuring life/lives
 - **WILL NOT be able to designate a new Annuitant or Secondary Life**
 - WILL continue with remaining Access Period
 - Surviving Owner only MAY lengthen Access Period to decrease & decelerate payments (only available to spouse after death of spousal Owner; N/A to nonspouse beneficiary)
 - WILL continue ability to take additional Withdrawals
 - WILL continue Death Benefit on surviving Owner, if applicable
 - WILL continue exclusion amount on surviving measuring life/lives until basis is fully recovered, and then the *i4LIFE*® income payments will be fully taxable

Death after Access Period:

- WILL continue the lifetime *i4LIFE*® income (the greater of the calculated Periodic Income Payment or the GIB) to the surviving measuring life/lives
 - **WILL NOT be able to designate a new Annuitant or Secondary Life**
 - WILL NOT have an Access Period – once ended the Access Period cannot be restarted
 - WILL NOT have ability to take additional Withdrawals
 - WILL NOT have a Death Benefit
 - WILL continue exclusion amount on surviving measuring life/lives until basis is fully recovered, and then the *i4LIFE*® income payments will be fully taxable

***i4LIFE*[®] Indexed Advantage At-a-Glance**

***i4LIFE*[®] Indexed Advantage is an annuity payout option available with new issues of certain nonqualified Lincoln fixed indexed annuities (available for an additional cost).**

Subject to firm and state availability. Not available in New York.

As of August 22, 2017, available with new issues of:

***Lincoln OptiChoice*SM, *Lincoln OptiBlend*SM and *Lincoln New Directions*[®] 8 fixed indexed annuities.**

General Description

***i4LIFE*[®] Indexed Advantage with Guaranteed Income Benefit**

i4LIFE[®] Indexed Advantage is an annuity payout option available with certain nonqualified fixed indexed annuities. *i4LIFE*[®] Indexed Advantage is designed for clients needing a stable source of income within a year of electing the rider. The rider provides tax-efficient lifetime income, with the added flexibility of access to the Account Value should the client's needs change.

i4LIFE[®] Indexed Advantage provides:

- ✓ **Lifetime Income:** An income stream that cannot be outlived.
- ✓ **Tax Efficiency:** A portion of each payment is considered a return of cost basis, thereby reducing the amount of taxable income.
- ✓ **Control:** Access to the Account Value with death benefit protection for beneficiaries.
- ✓ **Protection and Potential:** A known level of income that may increase if Account Value growth exceeds 4%.

This fixed indexed annuity payout option is available for an additional cost.

Issue Information

Issue/Election Ages (attained age)

- Age 55 up to age 85
- Age 55 up to age 80 for longer surrender charge schedules

Premium Requirements

- **Minimum:** \$50,000 (regardless of the base contract requirements).
- **Maximum:** \$2,000,000 without prior home office approval.

State and Market Availability

i4LIFE[®] Indexed Advantage is currently only available with nonqualified annuity contracts; it is not available in New York. State and product variations may apply.

Electing the Rider

i4LIFE[®] Indexed Advantage is currently only available at contract issue.

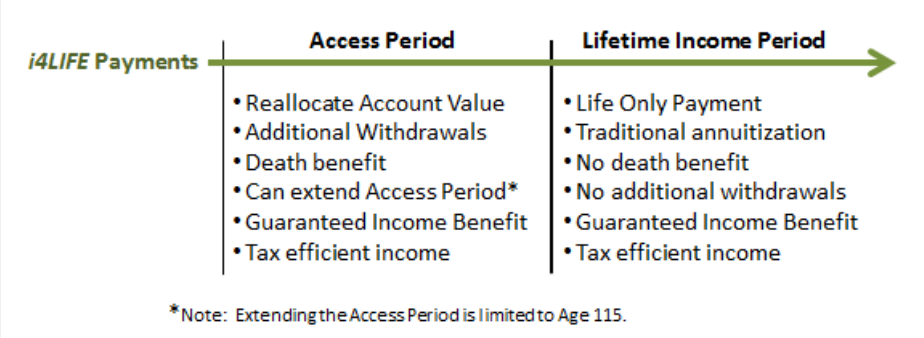
- To elect the rider, complete and submit the Fixed Indexed Annuity *i4LIFE*[®] Indexed Advantage Election Form (Form AN11650FIA) with the other new business paperwork.
- The Rider Effective Date will be the same as the contract issue date.
- Premium and age limits apply.

Single/Joint Life Payout Options

There is only one Annuitant; the client may elect either the Single Life or Joint Life option when the rider is issued. This election is irrevocable.

- **Single Life Option:** Provides guaranteed income for the life of the Annuitant.
- **Joint Life Option (Secondary Life):** Provides guaranteed income over two lives.
 - Secondary Life requirements: May be either a spouse or a non-spouse.

i4LIFE® Indexed Advantage At-a-Glance

Features	
Two Income Phases	<p>i4LIFE® Indexed Advantage provides regular income throughout the two phases of the rider:</p> <ul style="list-style-type: none"> • Access Period: The period of time the client chooses to have access to the Account Value and to retain a death benefit while receiving periodic income payments. • Lifetime Income Period: The Lifetime Income Period begins once the Access Period ends. During this timeframe, the client continues to receive regular income payments, but will no longer have access to the Account Value or retain a death benefit.
Access Period (Age nearest birthday)	<p>The client chooses the Access Period at the time of the rider election; they can select the minimum Access Period or the maximum Access Period, or a period in between the minimum and maximum timeframe.</p> <ul style="list-style-type: none"> • The minimum Access Period is the greater of 20 years or to age 95. • The maximum Access Period is age 115. <p>The client has the option to extend the Access Period to a minimum of five years beyond the current Access Period, up to age 115. Careful consideration should be given to making any change, as this will impact the amount of future income and the Guaranteed Income Benefit.</p> <p>The length of the Access Period impacts the amount of the initial Periodic Income Payment:</p> <ul style="list-style-type: none"> • A longer Access Period will result in a lower initial payment, and • A shorter Access Period will result in a higher payment. <p><u>During the Access Period:</u></p> <ul style="list-style-type: none"> • Income is received on a tax-efficient basis; the income is taxed using an exclusion ratio. • Clients have access to the fixed indexed annuity Account Value; <ul style="list-style-type: none"> – Clients can request additional Withdrawals; however, Withdrawals will impact the i4LIFE® Indexed Advantage payment, Guaranteed Income Benefit and the death benefit. – The client can reallocate the Account Value. • The contract's death benefit is available for beneficiaries.
Lifetime Income Period	<p>The Lifetime Income Period begins once the Access Period ends or the Account Value goes to zero under certain circumstances. Clients will continue to receive income payments, but there is no death benefit or access to the Account Value during the Lifetime Income Period. Note: reallocation of the Account Value will be available if the Account Value is greater than zero.</p> <p>Payments will stop at the death of the surviving Annuitant or Secondary Life, if any.</p>
Summary of Access and Lifetime Income Periods	 <p>i4LIFE Payments Access Period Lifetime Income Period →</p> <ul style="list-style-type: none"> Access Period: <ul style="list-style-type: none"> • Reallocate Account Value • Additional Withdrawals • Death benefit • Can extend Access Period* • Guaranteed Income Benefit • Tax efficient income Lifetime Income Period: <ul style="list-style-type: none"> • Life Only Payment • Traditional annuitization • No death benefit • No additional withdrawals • Guaranteed Income Benefit • Tax efficient income <p><small>* Note: Extending the Access Period is limited to Age 115.</small></p>

i4LIFE® Indexed Advantage At-a-Glance

Determining the Income Payment (Periodic Income Payment)

Income Payment Date	The income under the rider must start within a year of contract issue. Payments are made for the 1 st of the month.
Initial Periodic Income Payment	<p>The initial Periodic Income Payment is calculated using an Annuity Factor per thousand that is based on the:</p> <ul style="list-style-type: none"> • Age and Gender* of Annuitant and Secondary Life, if applicable (age nearest birthday) Note: An older person will have a higher factor than a younger person. • Benchmark Index Rate (BIR) • Length of Access Period • Applicable Annuity Mortality Table <p>The Account Value is divided by 1,000 and then multiplied by the Annuity Factor to determine the Periodic Income Payment.</p> <p>*State variations may apply.</p>
Benchmark Index Rate (BIR)	<p>The Benchmark Index Rate (BIR) represents the assumed earnings of the underlying interest accounts. In order for the Periodic Income Payment to increase, net allocation earnings would have to “beat” this rate.</p> <p>The BIR is declared at issue and is in effect for the life of the contract. The BIR for new issues may be different than the BIR for existing contracts. Currently the BIR is set at 4%.</p>
Periodic Income Payment Account	<p>At the beginning of each Rider/Contract Year, the greater of the annual calculated Periodic Income Payment and the Guaranteed Income Benefit is taken on a pro-rata basis from the fixed and indexed accounts and allocated to the Periodic Income Payment Account (PIPA). The modal payments are then paid out from this account.</p> <ul style="list-style-type: none"> • The PIPA is not available for reallocation or additional Withdrawals. This account does not earn any interest.
Guaranteed Income Benefit (GIB)	<p>The Guaranteed Income Benefit (GIB) provides a guaranteed minimum level of income regardless of Account Value performance. The GIB is the lowest income payment a client can receive. The GIB protects the level of income received and sets the minimum amount of income a client will receive.</p> <ul style="list-style-type: none"> • Initial GIB: 100% of the initial Periodic Income Payment • Subsequent GIB equals the greater of: <ul style="list-style-type: none"> – The current GIB, or – 100% of the Periodic Income Payment as calculated at the beginning of each subsequent Rider Year. <p>The GIB is re-determined yearly, and will automatically step-up to the higher value, if applicable. Upon a step-up after the first five Rider Years, the Rider Charge becomes the current charge (the client cannot opt-out if charge increases). Refer to the Rider Charge section for more information.</p> <p>There are impacts to the GIB for taking additional Withdrawals during the Access Period.</p>
Subsequent Periodic Income Payment	<p>The Periodic Income Payment (PIP) is recalculated each year, and the greater of the calculated payment or the Guaranteed Income Benefit will be paid. Payments may increase if the earnings from the underlying interest accounts are greater than the Benchmark Index Rate taking into account the Rider Charge. This will capture any significant performance results in future years, as clients will always receive the greater of the GIB or the PIP. The GIB insures that the subsequent payments will continue to be paid for at least the same amount as the initial payment.</p>

i4LIFE® Indexed Advantage At-a-Glance

Other																													
Rider Year	Each consecutive 12-month period. The first Rider Year begins on the Rider Effective Date. The second Rider Year begins on the Rider Anniversary date.																												
Fixed Indexed Annuity Illustrations	<p>Running an illustration is the best way to calculate the projected income amount. The actual payment will be determined at contract issue.</p> <p>The illustration will show the initial Periodic Income Payment (annualized) and a projection of future income based on the assumptions for the illustration. The illustration helps manage the client’s expectations and shows the impact of the income payments on the Accumulation Value.</p> <p>Note: the illustration shows the first 20 years of the Access Period, unless limited by historical performance of the index. The payment amount is based on the full Access Period, but only 20 years are shown.</p>																												
Hypothetical Income Example	<p>The chart below shows the initial Income Payments for a \$500,000 premium if <i>i4LIFE</i>® Indexed Advantage was elected at each of the ages shown. The payments are for a Male with a 4% Benchmark Index Rate. The chart assumes that the minimum Access Period (AP) was chosen for each age.</p> <p>Note: the older a client is at election of the rider, the higher the Income Payment.</p> <table><thead><tr><th>Age at Election</th><th>Minimum Access Period</th><th>Regular Income Payment</th><th>GIB</th></tr></thead><tbody><tr><td>55</td><td>40 years</td><td>\$23,157</td><td>\$23,157</td></tr><tr><td>60</td><td>35 years</td><td>\$24,299</td><td>\$24,299</td></tr><tr><td>65</td><td>30 years</td><td>\$25,771</td><td>\$25,771</td></tr><tr><td>70</td><td>25 years</td><td>\$27,956</td><td>\$27,956</td></tr><tr><td>75</td><td>20 years</td><td>\$31,004</td><td>\$31,004</td></tr><tr><td>80</td><td>20 years</td><td>\$32,435</td><td>\$32,435</td></tr></tbody></table> <p>At an election age of 65, the initial Income Payment and the GIB will be \$25,771.</p> <p>Let’s look at this client at a rider election age of 65; the initial Income Payment will be \$25,771. The Guaranteed Income Benefit (GIB) is equal to that amount, and will remain at least \$25,771 for the life of the contract (assuming no Withdrawals and no substantial future earnings). If he were to die during the Access Period, his beneficiaries would receive a death benefit.</p> <p>If, during the Access Period, the client’s needs change, he has the flexibility to take an additional Withdrawal (note - this will impact future payments, the GIB, the Account Value and the death benefit).</p>	Age at Election	Minimum Access Period	Regular Income Payment	GIB	55	40 years	\$23,157	\$23,157	60	35 years	\$24,299	\$24,299	65	30 years	\$25,771	\$25,771	70	25 years	\$27,956	\$27,956	75	20 years	\$31,004	\$31,004	80	20 years	\$32,435	\$32,435
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80	20 years	\$32,435	\$32,435																										
Additional Premiums	<p>Additional premiums (flexible premium contracts) <u>are not</u> accepted if the rider has been elected.</p> <p>If a contract is being funded with multiple transfers, it is important to check “issue the contract when all money is received” on the Application Supplement. Any monies received after the contract has been issued cannot be added to that contract, and would either be returned or require an additional application to be used to fund a separate contract.</p>																												

***i4LIFE*® Indexed Advantage At-a-Glance**

Additional Withdrawals – During the Access Period	<p>While additional Withdrawals provide flexibility in the event the client’s needs change during the Access Period, an additional Withdrawal will cause the Periodic Income Payment to be recalculated and will reduce the GIB on a pro-rata basis. An additional Withdrawal will reduce future <i>i4LIFE</i>® income, the Account Value and the death benefit.</p> <p>Additional Withdrawals in excess of the 10% free amount may be subject to surrender charges and MVA during the surrender charge period.</p> <p>An additional Withdrawal is taken first from the Fixed Account. Once the Fixed Account is depleted, the Withdrawal will be deducted pro-rata across the Indexed Accounts.</p> <p><i>i4LIFE</i>® income is not considered an additional Withdrawal. These payments will not count toward the 10% free partial surrender amount allowed by the base contract, nor be subject to surrender charges and MVA, if applicable.</p>
Taxation	<p>The <i>i4LIFE</i>® income is considered tax efficient: Income payments are taxed using an exclusion ratio, where each payment is considered part return of cost basis and part earnings. This reduces the overall taxable amount.</p> <p>Once the entire cost basis is recovered, all income is taxable as earnings.</p>
Rider Charges	<p>The Rider Charge Percentage is as follows and is guaranteed for the first 5 Rider Years:</p> <ul style="list-style-type: none"> • Single and Joint: 0.95% (maximum of 2.00%) <p>After the 5th Rider Year, the Rider Charge Percentage may increase if the GIB increases. A client cannot opt out of this increase. However, the Rider Charge is multiplied times the Account Value and since the <i>i4LIFE</i>® income payments decrease the Account Value, it is possible that the rider fee may decrease over time.</p> <p>The Rider Charge Percentage is multiplied times the Account Value on the previous Contract/Rider Anniversary, minus the upcoming year’s annual <i>i4LIFE</i>® income amount.</p> <p>A Single Life example is as follows:</p> <ul style="list-style-type: none"> ▪ Account Value on the Contract Anniversary = \$100,000 ▪ Annual income payment for upcoming year = \$5,250 ▪ Rider fee = (\$100,000 - \$5,250) x 0.95% or \$900.13 <p>The fee for the rider is deducted annually from the Account Value, and is taken first from the Fixed Account. Once the Fixed Account is depleted, the fee will be deducted pro-rata across the Indexed Accounts, and lastly from the Periodic Income Payment Account.</p>
Death Benefit Provisions, Generally	<p><u>If death occurs during the Access Period:</u></p> <ul style="list-style-type: none"> • The Periodic Income Payments may continue, depending on whether the Owner, Annuitant or Secondary Life dies. • After the Access Period ends, if the Annuitant or Secondary Life is still alive, payments will continue to the survivor’s death. <p><u>If death occurs during the Lifetime Income Period:</u></p> <ul style="list-style-type: none"> • Income payments will continue until the Annuitant’s (or Secondary Life’s) death, and then payments stop. <p>Refer to the rider for more details.</p>
Termination	<p>The rider cannot be terminated without terminating the contract. If the rider is terminated during the Access Period, the entire gain in the contract may be subject to taxes.</p>
Compensation	<p>No additional compensation will be paid for the election of <i>i4LIFE</i>® Indexed Advantage.</p>

History/Revisions:

Revision Date	Updates
8/22/17	Launch of <i>i4LIFE</i> ® Indexed Advantage Annuity Payout Option

All examples are provided to illustrate the mechanics of a feature and product and are not intended to predict values or performance. Refer to marketing material, Product Disclosure Statement and a complete illustration for additional information.

Withdrawals of taxable amounts from an annuity are subject to income tax, and withdrawals prior to age 59½ may be subject to a 10% federal penalty tax.

Additional Withdrawals will reduce future *i4LIFE*® income payments, the Account Value and death benefit.

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For purposes of Joint Owners, Living Benefit Riders and beneficiaries the term "Spouse" means a spouse as defined under Federal law. The term "spouse" does not include a domestic partner, civil union partner, or other status that is not recognized as a spouse under Federal law. Lincoln will treat couples claiming any other status not recognized as a marriage under Federal law as unmarried individuals for Federal income tax purposes.

Product and features subject to state availability.

Lincoln fixed indexed annuities and *i4LIFE*® Indexed Advantage, a fixed indexed annuity Rider (Rider Form AR-336 and state variations) are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, and affiliates. In some states, contract terms are set out and coverage may be provided in the form of certificates issued under a group policy issued to a group life insurance Trust. The Lincoln National Life Insurance Company is not authorized nor does it solicit business in the state of New York.

Not for use in New York.

Contractual obligations are subject to the claims-paying ability of the issuing insurance company.