



**Lincoln**  
Financial Group<sup>SM</sup>

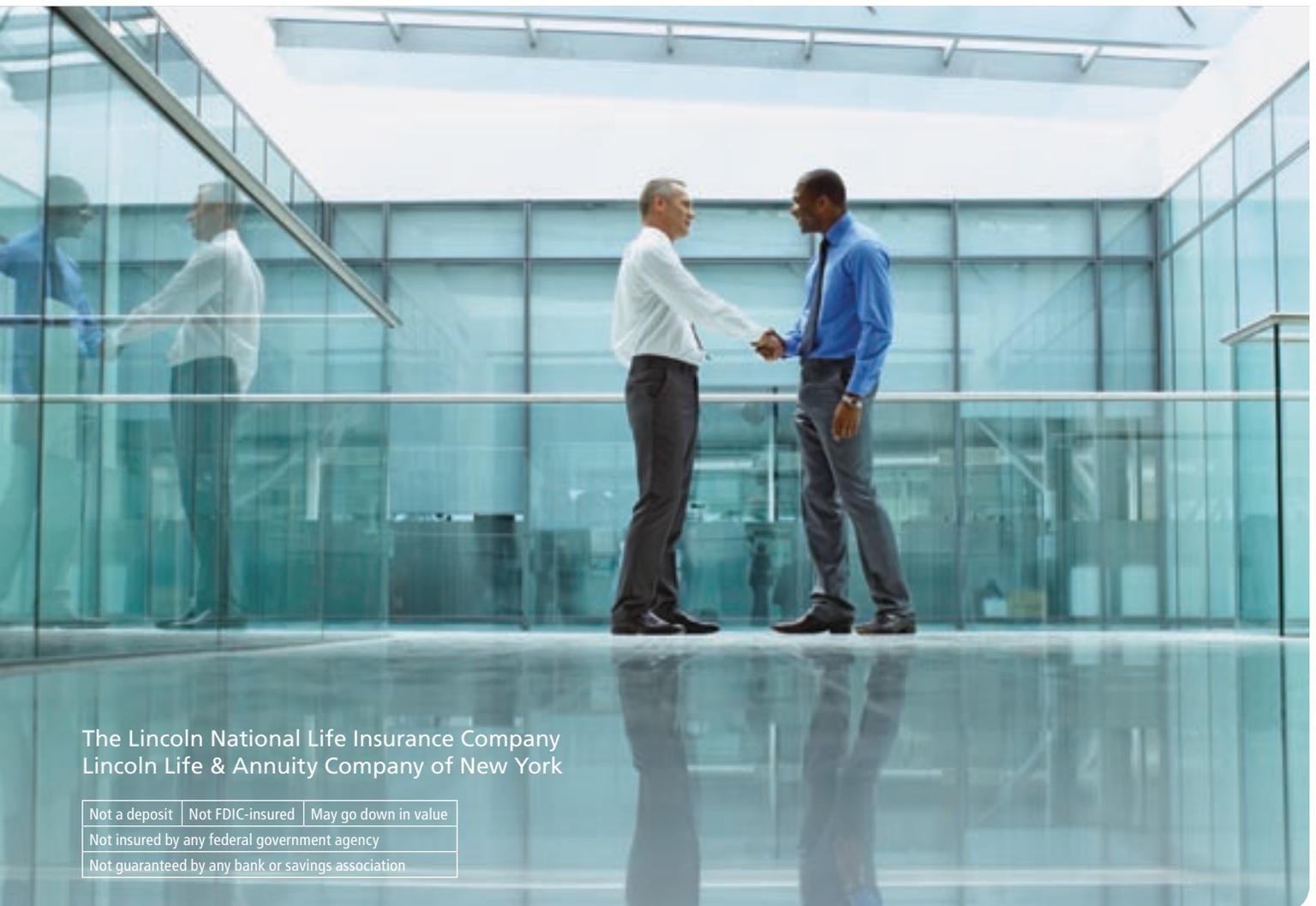
FOR LIFE

Universal Life Insurance

# Lincoln *MoneyGuard*<sup>®</sup> Reserve

Deferred compensation for selected employees  
with a corporate-owned long-term care solution

Hello future.<sup>®</sup>



The Lincoln National Life Insurance Company  
Lincoln Life & Annuity Company of New York

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

# Tax-advantaged benefits that make good business sense

If you own a business that needs to hold excess cash on its balance sheet, would you be interested in reallocating part of those assets to provide a valuable fringe benefit to yourself or a key employee?

Consider Lincoln *MoneyGuard*<sup>®</sup> Reserve universal life insurance with long-term care benefits. It offers guaranteed benefits that can reimburse key executives for qualified long-term care expenses, as it helps to protect retirement assets. Reimbursements are income tax-free, and your business is entitled to a tax deduction for any long-term care benefits paid. Another advantage is its money back guarantee,<sup>\*</sup> which gives you the flexibility to obtain a return of premiums paid.

## Lincoln *MoneyGuard* Reserve offers

### Tax-advantaged long-term care benefits

If long-term care is needed, the policy can provide income tax-free reimbursements<sup>†</sup> for qualified long-term care expenses.

### A money back guarantee<sup>\*</sup>

At any time, you can request a return of premium. The amount received will be adjusted for any benefits paid and any loans and cash withdrawals, and it may have tax implications.

### An income tax-free death benefit

Should the employee die without taking any of or the full amount of the long-term care benefits, the policy pays an income tax-free death benefit<sup>‡</sup> to the designated beneficiary.

<sup>†</sup>Long-term care reimbursements are generally income tax-free under IRC Section 104(a)(3).

<sup>‡</sup>Beneficiaries can receive an income tax-free death benefit under IRC Section 101(a)(1).



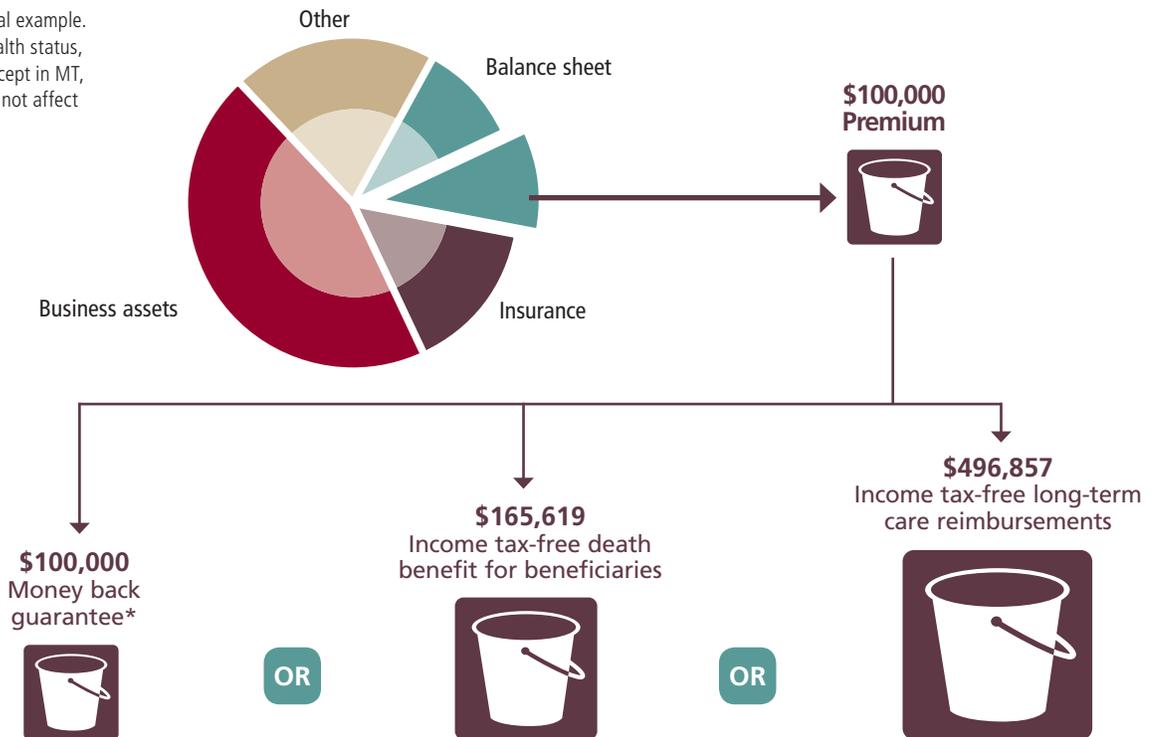
## Business scenario

### Long-term care benefits for a senior executive

Vince is a healthy nonsmoker, age 60. He and his sons own an engineering firm organized as a "C" corporation. The corporation buys a \$100,000 single premium Lincoln *MoneyGuard* Reserve policy for Vince with a two-year Convalescent Care Benefits Rider (CCBR) and a four-year Extension of Benefits Rider (EOBR), which will provide up to six years of long-term care benefits.

<sup>\*</sup>Through the Return of Premium Rider on single premium and certain flexible premium universal life policies. See Rider for complete terms and conditions.

This is a hypothetical example. Benefits vary by health status, age and gender (except in MT, where gender does not affect rates or benefits).



**If the corporation no longer wants the policy**

- At any time upon surrendering the policy, the company can request the return of the original \$100,000 premium. The amount received will be adjusted for any benefits paid and any loans and cash withdrawals, and it may have tax implications.

OR

**If Vince does not need long-term care**

- The policy provides a \$165,619 income tax-free death benefit. The corporation may want to retain the death benefit as key person insurance or may allow the insured to pick the beneficiary.
- If Vince uses any of the death benefit for long-term care expense reimbursements, the remaining portion will pass to policy beneficiaries, income tax-free, minus any loans or cash withdrawals.

OR

**If Vince needs long-term care**

- He can receive up to \$496,857 of income tax-free reimbursements for qualified long-term care expenses.
- His maximum available benefit is \$82,812 per year for six years (\$6,901 per month).

## Benefits for the executive and tax advantages for the corporation

### At age 70, Vince is retired and needs long-term care

- 1 • Vince receives long-term care benefits of \$80,000 for four years
- Corporate taxes are reduced by \$28,000/year (\$112,000 over four years) assuming a 35% tax rate

$$\underset{\text{[LTC benefits]}}{\$80,000} \times \underset{\text{[Years]}}{4} \times \underset{\text{[Tax rate]}}{0.35} = \underset{\text{[Corporate tax reduction]}}{\$112,000}$$

### Vince never needs long-term care

- 2 • If the business is the beneficiary, the death benefit is a way for the corporation to recover its original investment. The death benefit is income tax-free if received by the business as owner of the policy.
- If the insured names the beneficiary, the death benefit is income tax-free if the business reports the value of life insurance as income to the insured annually (Table 2001 or Lincoln Alternative Term rates).



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## HELPING YOU FACE YOUR FUTURE WITH CONFIDENCE

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Hello future.<sup>®</sup>

INCOME  
LIFE  
RETIREMENT  
GROUP BENEFITS  
ADVICE

This example was intended for a business organized as a "C" corporation. Different rules apply to "S" corporations and partnerships.

**For more information about how to bonus executives with a long-term care solution that offers your business advantages, contact your Lincoln representative.**

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Lincoln *MoneyGuard*<sup>®</sup> Reserve is a universal life insurance policy with a rider that accelerates the specified amount of death benefit to pay for covered long-term care expenses. An Extension of Benefits Rider (EOBR) is available to continue long-term care benefit payments after the entire specified amount of death benefit has been paid. The Return of Premium Rider (ROPR) may be included at issue on single premium and certain flexible policies. The amount of premium returned is adjusted for any benefits paid, any loans or withdrawals taken, and it may have tax implications. The cost of riders will be deducted from the policy value. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. All guarantees and benefits of the insurance policy are backed by the claims-paying**

**ability of the issuing insurance company. They are not backed by the broker/dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.** The insurance policy and riders have limitations, exclusions, and/or reductions.

Lincoln *MoneyGuard*<sup>®</sup> Reserve is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on Policy Form LN850 (8/05) with a Convalescent Care Benefits Rider (CCBR) on Rider Form LR851 (8/05), an Extension of Benefits Rider on Rider Form LR852 (8/05), and a Return of Premium Rider on Rider Form LR850 (10/07) or LR850F (10/07). **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. Contractual obligations are backed by the claims-paying ability of The Lincoln National Life Insurance Company.**

Policies sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY, on Policy Form LN850 (8/05) with a Convalescent Care Benefits Rider on Rider Form LR851 (8/05), an Extension of Benefits Rider on Rider Form LR852 (8/05), and a Return of Premium Rider on Rider Form LR850 (10/07). **Contractual obligations are backed by the claims-paying ability of Lincoln Life & Annuity Company of New York.**

Products and features, including benefits, exclusions, limitations, terms, and definitions, may vary by state.

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