



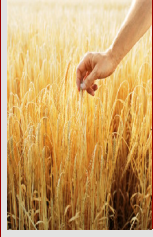
# Preserving value for the next generation

## Introducing Lincoln *LifeLINC*<sup>®</sup> Wealth Transfer program

Presenter Name (Edit on Slide Master)

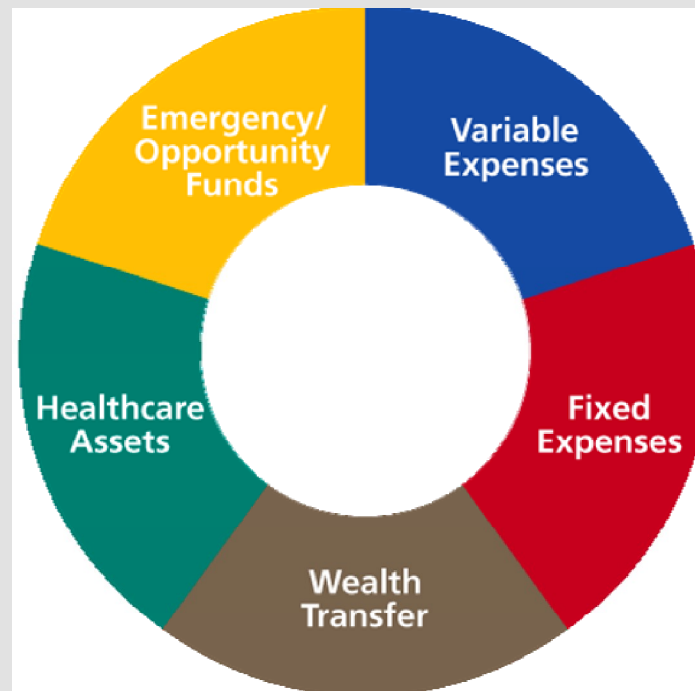
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February 5, 2009 (Edit in View: Header  
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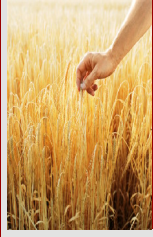
# Planning for wealth transfer

**When clients have successfully amassed the assets they need for retirement, it is time to plan for the last link in the wealth cycle: Wealth Transfer.**



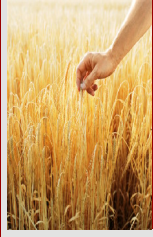
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# Agenda

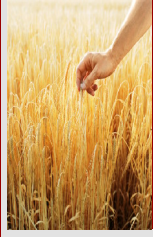
- From retirement planning to wealth transfer
- How the Lincoln *LifeLINC*<sup>®</sup> program can preserve more assets
- The ideal client
- A look at the impact of taxes:  
*LifeLINC* case studies
- Important things to know
- Next steps



# The benefits of careful planning

**Through proper planning you can help your clients address three of their biggest concerns in retirement:**

- Reduce their tax burden.
- Increase the value of the legacy they leave behind.
- Leave their heirs the inheritance they intend.



# From retirement to estate planning

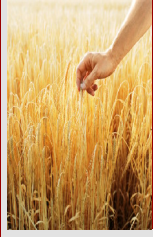
- Vehicles used for wealth building are subject to income and estate taxes when passed to heirs.
- You can help reduce their tax burden and protect the value of assets transferred to heirs.

## Annuities and IRAs

- Tax deferred
- Subject to income and estate taxes

## CDs

- Subject to taxes on annual interest earnings
- Subject to estate taxes

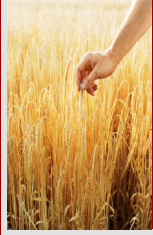


# Connect clients to the Lincoln *LifeLINC*<sup>®</sup> program

**Help your clients make better use of the assets designated for their heirs by reducing taxes and preserving assets.**

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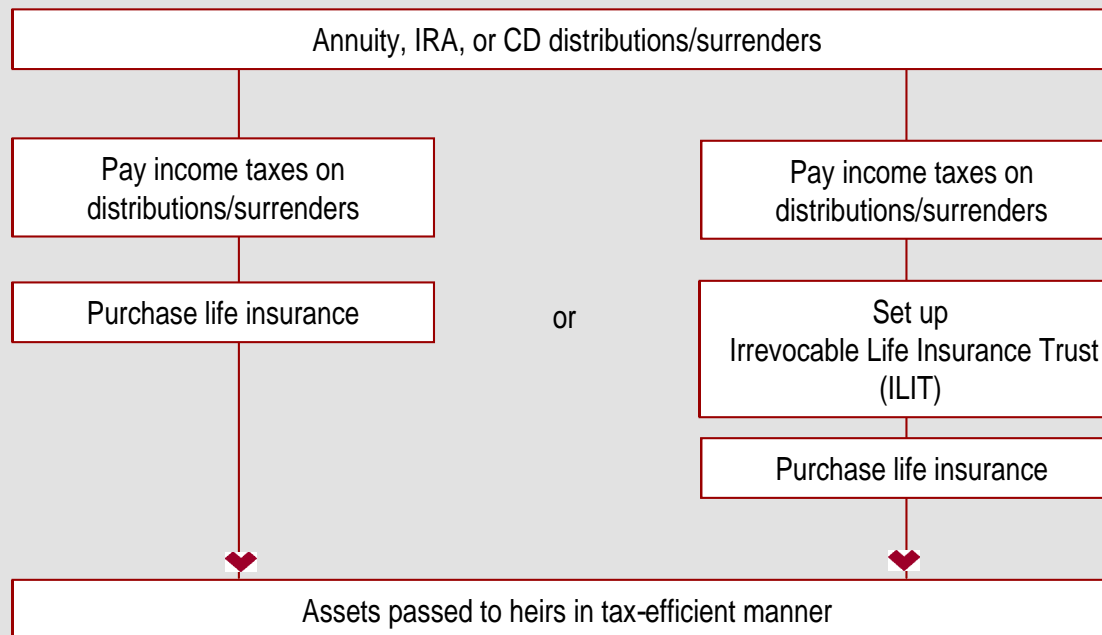
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# How the *LifeLINC*<sup>®</sup> program works

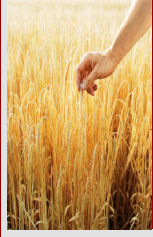
***LifeLINC* makes use of an insurance policy to preserve assets for the next generation.**

## Funding life insurance through *LifeLINC*



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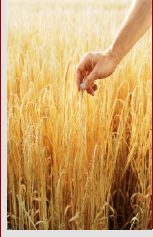


# ***LifeLINC*<sup>®</sup> program maximizes value**

## **Funding life insurance with *LifeLINC* offers important tax advantages**

- Pay income tax at liquidation, but remove the threat of income taxes for the future
- Life insurance account values are tax-deferred
- Interest credited to life insurance is not taxed at time credited and may never be subject to income taxes
- Beneficiaries receive the death benefits, income tax free
- Policies owned by a third party or ILIT are not subject to estate taxes at the insured's death





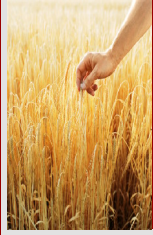
# **LifeLINC<sup>®</sup> client profile**

## **Ideal client**

- Has ample retirement income and emergency funds through other sources
- Is insurable: ages 50 to 85 and generally in good health
- Has savings of \$50,000 or more not planned for income or emergencies
- Wants to pass as much of their wealth to heirs as possible

## **Restrictions to *LifeLINC***

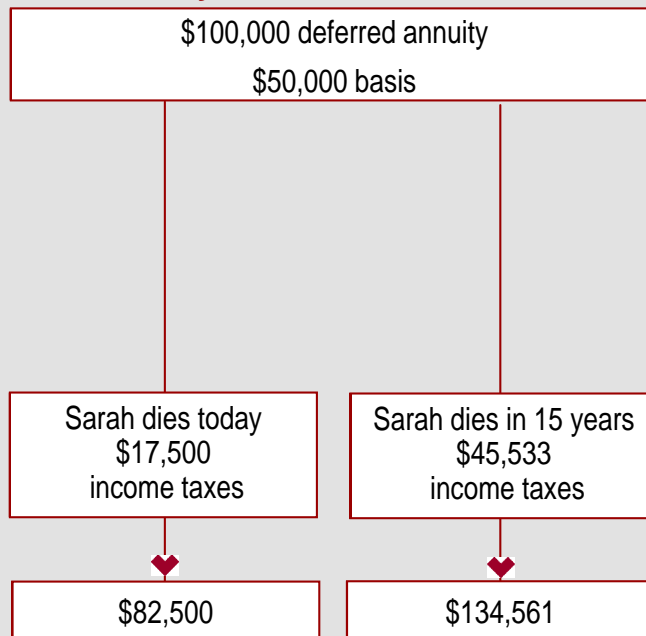
- Is under the age of 59½ (if withdrawals are to be made prior to age 59½)
- Has annuities and IRAs that are subject to substantial surrender charges
- Has Roth IRAs



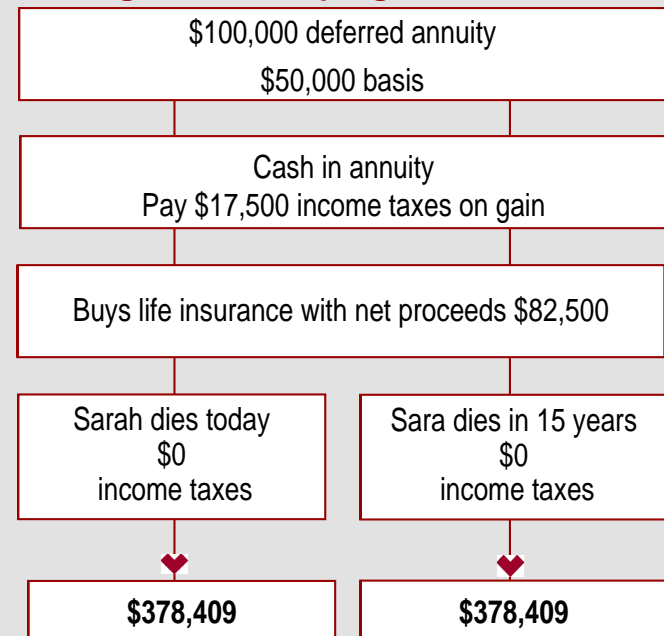
# Impact of taxes: Annuity

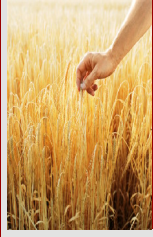
- Age 61, preferred nontobacco
- Owns \$100,000 deferred annuity with \$50,000 basis
- Beneficiary's income tax rate 35%

## With Annuity



## Through *LifeLINC*<sup>®</sup> program

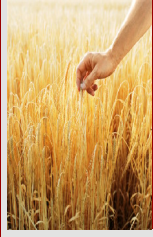




# Impact of taxes: CD

- Owns \$50,000 CD with annual interest rate of 4.5% (net annual return of 2.92%)
- Income tax rate 35%
- Annual taxation of interest earnings
  - For example, \$50,000 CD in the first year earns \$2,250 and the resulting income tax due is \$788
- Over 15 years, the impact may be significant





# Put the Lincoln *LifeLINC*<sup>®</sup> program into action

**1**

**Complete  
*LifeLINC*  
Dataguide  
Worksheet.**

**2**

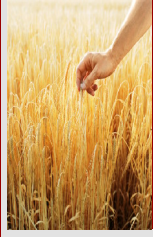
**Identify taxable  
assets.**

**3**

**Determine  
amount of life  
insurance these  
after-tax funds  
will purchase.**

**4**

**Determine what  
assets may  
grow in value  
(if left intact).**



# Put the Lincoln *LifeLINC*<sup>®</sup> program into action

**5**

**Determine which alternative shows the most money going to their heirs.**

**6**

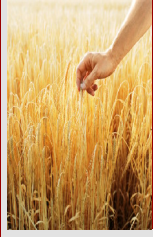
**Identify life insurance policy.**

**7**

**If an ILIT will own policy, client's attorney should draft trust.**

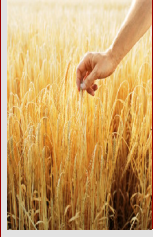
**8**

**Complete a life insurance application.**



# Disclosure and suitability

- There are no hard and fast numerical rules that establish whether someone is a suitable candidate for *LifeLINC*<sup>®</sup> services.
- You should exercise due care and not try to fit the *LifeLINC* program to an inappropriate situation.
- The *LifeLINC* Disclosure and Suitability Statement will help you identify prospects who may or may not be good candidates.
- The Disclosure and Suitability Statement is required for each sale in the *LifeLINC* program and must be signed by you and the client



# Risk tolerance and policy selection

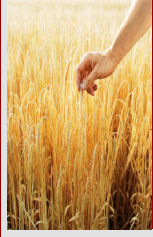
## Match policies with objectives

- You must help your clients decide which life insurance policies best meet their objectives and needs.

## Remember risk tolerance

- Consider your clients' risk tolerances when making product and premium decisions.





# Funding the Lincoln *LifeLINC*<sup>®</sup> program

## **Annual or limited pay cash distributions:**

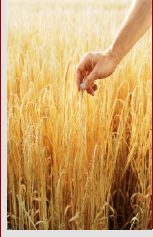
- Single premium payment (to create a modified endowment contract)
- Lincoln SPIA
- Settlement option from an existing annuity or IRA
- Receive funds from an annuity or SPIA from another insurance company

Depending on the funding level, actual interest rates credited, and Cost Of Insurance charges (COI) deducted, coverage may terminate prior to death unless additional premiums are paid.

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# How to approach clients

The Lincoln *LifeLINC*<sup>®</sup> program represents another important way you can bring value to your clients

## 1. Compile list of eligible clients

List clients ages 50 to 85 who have money invested in annuities, IRAs, and CDs.

Schedule a meeting with them.

## 2. Complete Dataguide Worksheet

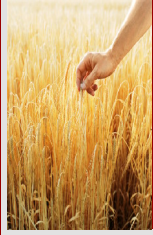
Follow step-by-step process in the *LifeLINC* Dataguide Worksheet.

Worksheet covers the information needed to run a proposal for your client.

## 3. Invite clients to seminar

Invite selected clients to a seminar.

You can explain estate shrinkage due to income and estate taxes, and how *LifeLINC* can help.



# Disclosures

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