



Lincoln
Financial GroupSM

FOR INCOME

Lincoln ChoicePlus AssuranceSM
variable annuity

Your business could benefit with *i4LIFE*[®] Advantage

Case study

Hello future.[®]



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

Not a deposit | Not FDIC-insured | May go down in value
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The business of income

If you own a business and need a way to create a tax-efficient income while retaining control of your assets, we have a solution that may be right for you. By electing *i4LIFE*[®] Advantage, an *Income4Life*[®] innovation available with *Lincoln ChoicePlus Assurance*SM variable annuities for an additional charge, your business can use nonqualified money to receive some tax benefits while providing an employee or retiree a guaranteed lifetime income.

*Lincoln ChoicePlus Assurance*SM variable annuities are long-term investment products and offer

- **Tax-deferred growth**—Earnings aren't taxed until withdrawals are made, allowing for greater growth potential.
- **Lifetime income**—There are several options for receiving an income stream for life.
- **Death benefits**—Your savings can be transferred to beneficiaries.
- **Optional protection features**—For an additional charge, you can elect optional features that can help protect your minimum future income and ensure growth.
- **Flexibility**—You can meet your individual needs by customizing your contract through investment allocation, withdrawal options, and addition or cancellation of optional features.

i4LIFE provides you

- **Lifetime income**—An income stream, no matter how long you live.
- **Growth potential**—Income has the potential to grow based on your investment results.
- **Increasing wealth floor**—With the Guaranteed Income Benefit (GIB), your payments will never go below your guaranteed minimum amount, which has the potential to automatically increase every year.
- **Control and access**—Don't choose between lifetime income and access to your savings. You can have both: an income and the ability to make additional withdrawals during the Access Period.¹



Hypothetical example: the Thompsons

Bill Thompson owns and operates a successful manufacturing business (organized as a C-Corporation) with his son, Greg. Bill is 65 and will be retiring soon, and Greg will be running the business. Part of the buyout agreement between Bill and Greg is for the business to provide Bill a guaranteed annual income of \$50,000 for the rest of his life. They decided to use some of the after-tax profits from the business to set up a *Lincoln ChoicePlus Assurance*SM variable annuity contract with *i4LIFE*[®] Advantage, with the corporation as owner and beneficiary, and the payments based on Bill's life. The Thompsons are pleased that the company will receive a guaranteed, tax-efficient income and a death benefit, a combination they cannot get with other types of investment products or by simply self-funding the buyout agreement.

Here is one scenario where a corporation uses *i4LIFE*® Advantage to provide tax benefits and lifetime income.

- The family's financial advisor helps Greg determine how much to invest into *i4LIFE* in order to receive a Guaranteed Income Benefit (GIB) of \$50,000 to guarantee the company will be able to pay Bill each year for the rest of his life.
- The corporation will receive full *i4LIFE*® Advantage payments and pay \$50,000 from each one to Bill every year.
- Each year the corporation will only owe taxes on the difference between the *i4LIFE*® Advantage payment and the tax-exclusion amount (part of each *i4LIFE*® Advantage payment is earnings and part is a return of the cost basis).
- In addition, the corporation will receive an annual deduction on the \$50,000 paid to Bill.
- All remaining earnings in the contract continue to be tax-deferred until distributed and have the potential to keep growing.
- If the *i4LIFE*® Advantage payments grow, the corporation can continue receiving the difference between that payment and the \$50,000 they pay to Bill each year, or they may take a withdrawal in order to reduce the current level of *i4LIFE*® Advantage payments.
- Bill will pay income taxes at the ordinary rate on his \$50,000 every year until he passes away, at which time the lifetime payments will end and the corporation will receive the annuity death benefit.

This scenario works because the corporation elected *i4LIFE* with the Guaranteed Income Benefit (GIB) within one year after establishing the contract and prior to Bill's death. Because *i4LIFE* meets the definition of an immediate annuity under Internal Revenue Code Section 72(u)(4) (payments are started within one year of purchase), it can be used to generate lifetime income for Bill and provide tax benefits for the C-Corporation. The Thompsons could also have chosen to calculate the annual payments based on Bill's and his wife's lives, so they both would be guaranteed a lifetime income.

Keep in mind that tax implications for *i4LIFE*® Advantage income will vary for businesses with other types of legal structures.

i4LIFE with the GIB is available for an additional annual charge of 1.05% above standard contract expenses for single life or 1.25% for joint life (maximum annual charge of 2.00%). Investment requirements apply for the GIB. After the Access Period ends, payments will continue on a lifetime basis, but you will no longer have access to your assets or a death benefit. The tax-exclusion amount varies by age and only applies until the original cost basis in the contract has been recovered. Guarantees, including those for optional benefits, are backed by the claims-paying ability of the appropriate issuing company.

Additional purchase payments will not be accepted once *i4LIFE* becomes effective for a nonqualified contract. If the GIB is not elected, you will have the ability to select the assumed investment return (AIR), which helps to determine your payments. The higher the AIR, the higher your initial regular payment and the higher the return needed to increase subsequent payments. Full details are available in the prospectus.

¹ Additional withdrawals reduce the cost basis, account value, death benefit, GIB amount, and income payments proportionately and are subject to ordinary income tax to the extent of the gain.

Hello future.®

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For more information about how to generate guaranteed annuity income for your business, contact your financial advisor.

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Investors are advised to consider the investment objectives, risks, and charges and expenses of the variable annuity and its underlying investment

options carefully before investing. The applicable variable annuity prospectus contains this and other important information about the variable annuity and its underlying investment options. Please call 888 868-2583 for a free prospectus. Read it carefully before investing or sending money. Products and features are subject to state availability.

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