

Term Conversion Changes – Reduced First Year Commission Examples

Assumptions:

- Male, Standard Non-Tobacco
- \$1,000,000 20-Year Level Term, issue Age 50, \$3,202.00 premium, \$3,114.00 commissionable premium @ 95% commission rate + \$2,956.40 commission paid
- Converting into \$1,000,000 DBO 1 Indexed UL policy, annual level premium to endow @ 55% first year commission rate with rolling target

In Force and Pipeline Business				
Term Conversion Application Received*		Commissions Paid on Permanent Policy		
Prior to 1/1/17 [#]		Term policy year at conversion		Reduced First Year Commission Examples
		1	First year commission reduced by 100% of the commission paid on the term policy. Full renewal commission.	Target premium = \$15,060 Premium payment = \$10,379.40 @ 55% = \$5,708.67 first year commission \$5,708.67 - \$2,956.40 = \$2,752.27 reduced first year commission paid
		2+	Full first year and renewal commission.	
On or after 1/1/17	Term Policy Effective Date	Term policy year at conversion		Reduced First Year Commission Examples
	Prior to 9/12/16	1	First year commission reduced by 100% of the commission paid on the term policy. Full renewal commission.	Issue age 50 target premium = \$15,060 Premium payment = \$10,379.40 @ 55% = \$5,708.67 first year commission \$5,708.67 - \$2,956.40 = \$2,752.27 reduced first year commission paid
		2	First year commission reduced by 50% of the commission paid on the term policy. Full renewal commission.	Issue age 51 target premium = \$15,920 Premium payment = \$11,011.44 @ 55% = \$6,056.29 first year commission \$6,056.29 - (\$2,956.40 x 50%) = \$4,578.09 reduced first year commission paid
		3	First year commission reduced by 25% of the commission paid on the term policy. Full renewal commission.	Issue age 52 target premium = \$16,780 Premium payment = \$11,688.48 @ 55% = \$6,428.66 first year commission \$6,428.66 - (\$2,956.40 x 25%) = \$5,689.56 reduced first year commission paid
		4-5	Full first year and renewal commission.	
		6-7	First year commission up to target reduced by 50%, including any rollover target paid in renewal years. Full excess and renewal commission.	Conversion Year 6 / Issue age 55 target premium = \$19,350 Year 1 premium payment = \$13,692.84 @ 55% = \$7,531.06 first year commission \$7,531.06 x 50% = \$3,765.53 reduced year 1 commission Year 2 premium payment = \$13,692.84; unused target = \$5,657.16 \$5,657.16 @ 55% = \$3,111.44 first year rolling commission \$3,111.44 x 50% = \$1,555.72 reduced first year rolling commission Total reduced first year commission paid = \$3,765.53 + \$1,555.72 = \$5,321.03
		8+	No first year commission up to target, including any rollover target paid in renewal years. Full excess and renewal commission.	

*Applications must be signed, dated and received in good order in Lincoln's Home Office.

[#]Permanent policy must be placed no later than March 1, 2017, otherwise the rules for "On or after January 1, 2017" will apply.

New Business

Term Conversion Application Received			Commissions Paid on Permanent Policy ¹		
	Term Policy Effective Date	Term Policy Form			
On or after 1/1/17	On or after 9/12/16	Lincoln LifeElements® and Lincoln TermAccel® With Conversion Products Amendment	Term policy year at conversion		Reduced First Year Commission Examples
			1	First year commission reduced by 100% of the commission paid on the term policy. Full renewal commission.	Issue age 50 target premium = \$15,060 Premium payment = \$10,379.40 @ 55% = \$5,708.67 first year commission \$5,708.67 - \$2,956.40 = \$2,752.27 reduced first year commission paid
			2	First year commission reduced by 50% of the commission paid on the term policy. Full renewal commission.	Issue age 51 target premium = \$15,920 Premium payment = \$11,011.44 @ 55% = \$6,056.29 first year commission \$6,056.29 - (\$2,956.40 x 50%) = \$4,578.09 reduced first year commission paid
			3	First year commission reduced by 25% of the commission paid on the term policy. Full renewal commission.	Issue age 52 target premium = \$16,780 Premium payment = \$11,688.48 @ 55% = \$6,428.66 first year commission \$6,428.66 - (\$2,956.40 x 25%) = \$5,689.56 reduced first year commission paid
			4+	Full first year and renewal commission.	
		Lincoln LifeElements® with Conversion Products Enhancement (additional cost)	Term policy year at conversion		Reduced First Year Commission Examples
			1	First year commission reduced by 100% of the commission paid on the term policy. Full renewal commission.	Issue age 50 target premium = \$15,060 Premium payment = \$10,379.40 @ 55% = \$5,708.67 first year commission \$5,708.67 - \$2,956.40 = \$2,752.27 reduced first year commission paid
			2	First year commission reduced by 50% of the commission paid on the term policy. Full renewal commission.	Issue age 51 target premium = \$15,920 Premium payment = \$11,011.44 @ 55% = \$6,056.29 first year commission \$6,056.29 - (\$2,956.40 x 50%) = \$4,578.09 reduced first year commission paid
			3	First year commission reduced by 25% of the commission paid on the term policy. Full renewal commission.	Issue age 52 target premium = \$16,780 Premium payment = \$11,688.48 @ 55% = \$6,428.66 first year commission \$6,428.66 - (\$2,956.40 x 25%) = \$5,689.56 reduced first year commission paid
			4+	Full first year and renewal commission.	

¹**Commission paid on permanent policy:** Lincoln reserves the right to change the commissions paid on term conversions at any time. Cannot choose the Limited Product Portfolio in order to receive higher compensation.

Please note that this Term Conversion Changes – Reduced First Year Commission Examples Grid is subject to all the definitions, rules and clarifications contained in the Lincoln Product Term Conversion Guidelines.

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Product and features subject to state availability. Limitations and exclusions may apply.

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