



Lincoln Deferred Income Annuities

Qualifying Longevity Annuity Contract (QLAC) – February 23, 2015 Frequently Asked Questions

1. Which Lincoln product will be used to support QLAC business?

*Lincoln Deferred Income Solutions*SM Annuity, a deferred income annuity (DIA), will be available as a Qualifying Longevity Annuity Contract (QLAC) for qualified IRA contracts. Both flexible and single premium versions of *Lincoln Deferred Income Solutions*SM Annuity can be used for QLAC status, in states where both the annuity and the QLAC Amendment are approved.

*Lincoln Deferred Income Solutions*SM Annuity will qualify as a QLAC - Qualifying Longevity Annuity Contract, as defined under Q&A-17 of section 1.401(a)(9)-6 of the Income Tax Regulations.

This is the only Lincoln product that can be considered for a QLAC.

The QLAC Amendment is subject to state and firm approval.

2. What type of qualified plan will a Lincoln QLAC support?

A Lincoln QLAC is available for the traditional IRA Rollover market.

Lincoln does not offer a QLAC product for any other type of qualified plan.

3. What payment options will be offered?

Life Annuity with Cash Refund, Single Covered Life, will be the only payment option available for QLAC business. This payment option provides for lifetime income during the life of the Annuitant as well as a death benefit if the client does not receive at least the total premium in income.

4. Is there any kind of death benefit?

Yes, the Life Annuity with Cash Refund payment option of *Lincoln Deferred Income Solutions*SM Annuity offers a death benefit in the event the Annuitant dies either before or after income starts. If death occurs:

- Prior to the Income Start Date – The beneficiary will receive the amount of the total premium back in a lump sum.
- After the Income Start Date – The beneficiary will receive the difference between the income received by the Annuitant and the amount of the total premiums paid. This death benefit will be paid in a lump sum.

Note: there is a chargeback of commission if death should occur within the first year of the contract.

5. What payment frequencies are available?

Monthly, Quarterly, Semi-Annual, Annual

6. Who can own a Lincoln QLAC?

- An individual (natural person). Single Owner = Annuitant.
 - Trustee (or Custodian) "For the Benefit Of" a single natural person. The Annuitant is the Single Covered Life.
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7. What are the issue ages for a Lincoln DIA QLAC?

Ages 18 – 80.

Age nearest birthday of the Owner/Annuitant (or Annuitant for Trustee arrangements) will be used to determine the issue age.

8. Is there any kind of inflation protection available with the Lincoln QLAC offering?

Yes, the optional Annual Increase Option of 1%, 2%, 3% or 4% is available. This is an annual compounded increase; the Scheduled Payment will increase annually by the chosen percentage beginning on the first anniversary of the Payment Start Date.

- The initial Scheduled Payment will start out lower than an initial Scheduled Payment without the Annual Increase Option elected.
 - At some point in the future, the payment from the Annual Increase Option will be greater than the payment without the Annual Increase Option elected.
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9. Is the option to change the Income Start Date available with the Lincoln QLAC offering?

Yes, the client has the flexibility to change the Payment Start Date once during the deferral phase of the contract, as long as the new date still meets the QLAC limits:

- The Payment Start Date can be changed to a date that is 5 years earlier or 5 years later than the original Payment Start Date (subject to contract provisions and state variations).

A change in the Payment Start Date may result in a change in the Scheduled Payment amount.

10. Is the Accelerated Payment feature available with the Lincoln QLAC offering?

No. The option to take 6 months' payments at once is not available for qualified contracts due to the Required Minimum Distribution rules.

11. Once the contract is issued, can any changes be made?

Once the contract is issued, the Annuitant, the payment option and the frequency of payments cannot be changed. The contract is irrevocable – and cannot be surrendered. The only change allowed would be a one-time change in the Income Start Date, subject to contract provisions and the QLAC requirements.

12. What is the range for the Income Start Date for a Lincoln DIA QLAC?

Income can be deferred for a minimum of 13 months up to maximum of 40 years or age 85.

13. What are the premium requirements?

- The minimum initial premium for a new *Lincoln Deferred Income Solutions*SM contract is \$10,000.
 - The maximum premium is limited to the lesser of \$125,000 or 25% of all traditional IRA account balances. These limits apply at the time of a contribution to the QLAC, and the IRA account balances are determined based on the balances of all IRA accounts on December 31 of the year before the year of the contribution.
 - Subsequent premiums are subject to \$100 minimum and the same maximum as shown above (in states where the flexible premium contract is approved).
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14. How will the client notify Lincoln of their ability to fund a QLAC?

The Premium Requirement Verification Statement for QLAC (Form AN10910) will be required when submitting the DIA application. This form acts as a worksheet for the client, and confirmation for Lincoln that the proposed premium amount satisfies QLAC requirements, given the information at that time.

15. What happens if the client sends in too much premium?

If Lincoln receives an amount in excess of that allowed, the application will be considered Not In Good Order (NIGO) and the representative will be contacted for further instructions.

16. What forms are required when requesting QLAC status for a new Lincoln deferred income annuity contract?

The following forms should be included with QLAC business (and state variations of these forms):

- *Lincoln Deferred Income Solutions*SM Application (Form ANF10691DI)
- *Lincoln Deferred Income Solutions*SM Application Supplement (Form AN10246)
- *Lincoln Deferred Income Solutions*SM Product Disclosure Statement (Form AN10759)
- **Premium Requirement Verification Statement for QLAC (Form AN10910)**
- ACORD 951 1035 Exchange, Rollover and Transfer Form (if applicable)
- A signed QLAC illustration must accompany the application.
- Any other new business paperwork.

17. How will a client elect QLAC status for their new deferred income annuity?

QLAC status is elected on the *Lincoln Deferred Income Solutions*SM Application (Form ANF10691DI).

- Section 2 on the app refers to the “**Type of Contract**”; clients should check “Tax-Qualified” and choose “Qualifying Longevity Annuity Contract (QLAC)” as the *Plan Type*.

Instructions: Please type or print. ANY ALTERATIONS TO THIS APPLICATION MUST BE INITIALED AND DATED BY THE APPLICANT.
ALL "REQUIRED" SECTIONS MUST BE COMPLETED.

1 Product Name - Required
Complete name of product being applied for: _____

2 Type of Contract* Being Applied For - Required
☐ Non-Qualified (Do NOT select Plan Type)
☒ Tax-Qualified (MUST select Plan Type, below)
Plan Type (Check One): ☐ Roth IRA ☐ Traditional IRA ☒ **Qualified Longevity Annuity Contract (QLAC)**

Clients must also submit a completed Premium Requirement Verification Statement for QLAC (Form AN10910).

18. Can clients submit additional premiums to their *Lincoln Deferred Income Solutions*SM contract and still maintain QLAC status?

Yes, in states where the flexible premium version of the contract is approved. However, each additional premium will require a new Premium Requirement Verification Statement for QLAC (Form AN10910) and must meet the QLAC contribution limits (the lesser of \$125,000 or 25% of all IRA account balances based on the balances of all IRA accounts on December 31st of the year prior to the contribution).

19. What happens if the client finds out that they have overfunded the QLAC?

If during that contribution year, the client determines that they are NOT eligible for the amount submitted, the client must notify Lincoln of the potential to lose QLAC status. Lincoln will adjust the original deferred income annuity (DIA) contract and the excess premium amount will be removed.

20. Will the *Lincoln Deferred Income Solutions*SM illustration look any different for QLAC status?

Yes, the report will include text changes to reflect the QLAC regulations and disclosure. However, the initial income amount will be the same as for a Single Covered Life Annuity with Cash Refund payment option (non-QLAC) for the same client and premium amount.

21. What is the commission for a *Lincoln Deferred Income Solutions*SM contract with QLAC status?

The commission is the standard commission paid for a *Lincoln Deferred Income Solutions*SM contract (the QLAC status has no bearing on the commission). The commission will be a percentage of the premium paid. Trail commission is not available.

Subsequent premium payments are eligible for the applicable standard commission amount.



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