

Upcoming Illustration Changes for Indexed UL Products (AG49-A)

Actuarial Guideline 49-A (AG49-A) was adopted by the National Association of Insurance Commissioners (NAIC) to update the existing AG49 guideline that is applicable to all Indexed UL products. AG49-A is effective on **November 25th, 2020**. It is prospective only, so will not apply to any new business or future inforce illustrations for any policies that meet the transition rules. A detailed FAQ will be included in a future Lincoln Leader.

The two main goals of AG49-A are:

- To ensure that features such as multipliers, bonuses and buy-up caps with an associated charge will not improve illustrated values. AG49-A does not prohibit products from having these features or charges, nor does it impact their performance, it simply places limits on values that can be shown in an illustration. New maximum illustrated rates will reflect this methodology
- Reduce the limitation on indexed interest credited to participating loans, inclusive of any applicable index credit enhancements, from **1.00% to 0.50%** above the illustrated loan charge rate

The *Lincoln DesignIt*SM Illustration System will apply the appropriate loaned and unloaned crediting rates and reflect them in the combined Net Policy Values and Surrender Value columns of the illustration. Actual interest credited to the policy will not be limited by AG49-A parameters, and participating loan values will earn the same credited rate as the unloaned values.

Although variable products are excluded from AG49 and AG49-A, Lincoln will continue to apply the original AG49 methodology to the *Lincoln AssetEdge*[®] VUL and *Lincoln AssetEdge*[®] Exec VUL products with indexed accounts but will **not** apply new AG49-A requirements.

Transition Rules

Formal applications or tickets (with all solicitation forms) that are signed, dated and **received by Lincoln's home office in-good-order on or before November 24, 2020**, will not be subject to the illustration guideline changes. Any IUL application/ticket received on or after November 25, 2020 will be subject to the new AG49-A illustration guideline changes.

Illustrations

The *Lincoln DesignIt*SM update on November 16, 2020 will include the new maximum rates for each product. If you have an active internet connection, the software will automatically update to include these changes. If you need to download the *Lincoln DesignIt*SM Illustration System, it is available on the Lincoln producer websites or from Field Office Technicians.

It is imperative to accept the November 16, 2020 illustration software update as any new applications received on or after November 25, 2020 will require an illustration with this software version or newer to issue the policy. There will be no exceptions.

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

©2020 Lincoln National Corporation

LincolnFinancial.com

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

Affiliates are separately responsible for their own financial and contractual obligations.

LCN-3254107-092320



Variable insurance products are sold by prospectus. Consider the investment objectives, risks, charges, and expenses of the variable product and its underlying investment options carefully before investing. The prospectus contains this and other information about the variable product and its underlying investment options. Please review the prospectus available online for additional information. Read it carefully before investing.

Affiliates include broker-dealer/distributor Lincoln Financial Distributors, Inc., Radnor, PA, and insurance company affiliates The Lincoln National Life Insurance Company (Lincoln), Fort Wayne, IN, and Lincoln Life & Annuity Company of New York (Lincoln), Syracuse, NY.

The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so.

For Financial Professional Use Only. Not for Use with General Public.