



Lincoln
Financial GroupSM

FOR LIFE

Universal Life Insurance

Lincoln LifeReserve[®] Indexed UL (2011)

Protect, accumulate, enjoy

Client Guide

Hello future.[®]



The Lincoln National Life Insurance Company

Not a deposit | Not FDIC-insured | May go down in value

Not insured by any federal government agency

Not guaranteed by any bank or savings association



Lincoln LifeReserve® Indexed UL is
a smart choice if you want:

Death benefit protection

Greater growth potential than a fixed rate can offer

Protection from the impact of high market volatility
on your assets

Protection from market fluctuations that can
deplete earnings

The life insurance protection you need today

The growth-potential income you need for the future

Enjoy death benefit protection with a life insurance policy that helps you build cash value that can provide income for your future. That's what you'll get with *Lincoln LifeReserve*[®] Indexed UL.

Lincoln LifeReserve Indexed UL offers growth potential that's tied to the performance of the S&P 500 Index.¹ Since policy values are not invested directly in the market, you're protected from negative returns caused by market downturns. You'll never receive less than 1% a year, even in a down market.^{2,3}

It's a great way to help grow tax-advantaged income for the good things in life: a secure retirement, college funds—whatever is important to you.

Lincoln LifeReserve Indexed UL is a smart choice if you want protection and the opportunity to enjoy potential cash growth.

Opportunities to meet your financial goals

Protect

Your death benefit provides cash to your beneficiaries income tax-free.

Your policy's cash value is protected from market fluctuations and high volatility.

Accumulate

Your policy cash value earns interest, and its growth accumulates income tax-free.

Enjoy

A potential source of future tax-advantaged income to supplement retirement, pay for college and more.

(Income is taken through loans and withdrawals, which will reduce the policy's cash value and death benefit.)

¹Excluding dividends.

²Guarantees are backed by the claims-paying ability of The Lincoln National Life Insurance Company.

³Policy charges remain in effect and could reduce your policy value.

See the advantages

Growth potential

Over a specified time frame, when the S&P 500 Index is up, your account is credited interest based on the crediting method chosen.* When it's down, you're protected by a guaranteed minimum 1% interest rate.

Protection

The policy's cash value can help you enjoy retirement, pay for college and more. The death benefit is a smart way to protect your family, when named as beneficiaries, should the unexpected happen.

*Subject to caps and spreads

Choice

You'll get a choice of optional features to help you meet financial challenges brought on by life's changes.

The strength of Lincoln

You'll feel assured knowing you have protection from one of the nation's leading providers of universal life insurance.

Lincoln LifeReserve[®] Indexed UL is a tax-smart way to help you reach financial goals.

Facts about the S&P 500 Index

- 1 It's known as the best single gauge of the U.S. stock market.
- 2 The index includes 500 leading companies from the U.S. economy's leading industries.
- 3 It represents about three-quarters of the American equity market.

Source: Standard and Poor's Fact Sheet, June 2011.



How your policy grows

Choose growth opportunities from four options: a fixed account and three indexed accounts tied to the performance of the S&P 500 Index.¹ Each account calculates interest differently.

The Fixed Account ensures guaranteed earnings. The indexed accounts offer potential gains based on S&P 500 Index performance. There's no direct exposure to the stock market. That means your gains will never be lost due to poor market performance.

Think of the four accounts as different buckets that hold a portion of your money. You can select any one account, or diversify with a blend of accounts to meet your risk/reward objectives.

Your account choices



Fixed
Account



1-Year
Point-to-Point
Indexed Account



1-Year
Monthly Cap
Indexed Account



1-Year
Monthly Average
Indexed Account

Indexed interest rates are credited to amounts held in the indexed accounts for the 12-month term. If amounts are withdrawn from the indexed accounts prior to the end of the term, any interest earned for that term will be forfeited.

Enjoy upside potential with downside protection

You'll enjoy annual growth potential with the assurance that your account will never be credited less than 1%, regardless of market fluctuations. Policy charges remain in effect and could reduce your policy value.

The power of one

You can balance risk and reward through your account choices. But you will never earn a negative interest rate. See how the power of one can work for you:



Guaranteed return of 1%

When the index percentage change is less than 1%, your account is still credited 1%.



Growth potential

When the change for the index period is positive, your account is credited a positive rate.



Gains locked in

Since the indexed accounts never earn a negative interest rate, you never have to recover from losses before seeing positive interest credited when the S&P 500 Index rebounds.

¹Excluding dividends.

See how the various accounts determine the interest credited



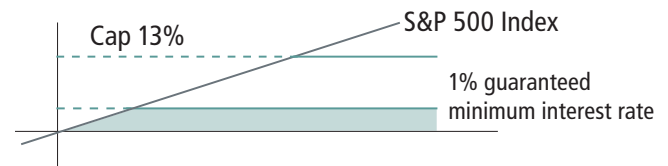
Fixed Account

- Offers a fixed interest rate.
- Offers predictable growth. The rate of return will never be lower than 1%.
- Interest is credited and compounded daily.
- Growth is not affected by the S&P 500 Index performance.

1-Year Point-to-Point Indexed Account

- After a one-year term, the beginning and ending values of the S&P 500 Index are calculated for a percentage change.
- If the change is positive, the account is credited the full percentage change up to a 13% cap (current rate).
- If the change is less than 1%, the account still earns a full 1%.
- Interest credited from previous periods remains intact.

One-year S&P 500 Index percentage change



While your interest accounts are protected by a 1% guaranteed minimum interest rate, policy charges remain in effect and could reduce your policy value.

Note: S&P 500 Index performance excludes dividends.

Key terms:

Cap This is the maximum rate of interest.

Spread The spread is the difference between the calculated change in the index and the amount that's credited.

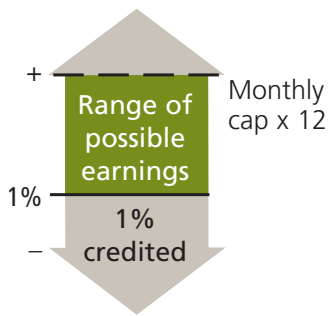
Future caps and spreads are subject to change.



1-Year Monthly Cap Indexed Account

- The percentage change of the S&P 500 Index is calculated for each month during the one-year indexed term.
- The monthly percentage change, up to a 3.2% cap (current rate), is recorded for each of the 12 months.
- The monthly percentage change has no minimum bottom or floor. But if the 12-month change is less than 1%, the account still earns a full 1%.
- Interest credited from previous periods remains intact.

Sum of monthly S&P 500 Index percentage changes (considering the monthly cap)



1-Year Monthly Average Indexed Account

- During a one-year term, the 12 monthly closing values of the S&P 500 Index are recorded on the same day each month.
- The 12 monthly closing values are used to determine the average closing value for the term.
- The percentage credited is the average closing value for the 12-month term, divided by the starting S&P 500 value minus a 6% spread (current rate).
- If the change is less than 1%, the account still earns a full 1%.
- Interest credited from previous periods remains intact.

S&P 500 Index monthly closing values



$$\text{percentage change} - \text{spread} = \text{interest percentage credited}$$

No account allocation constraints

You can put 100% of your premium in any of these accounts or spread it out among them—it's your choice.

Reallocate premium payments up to four times a year

Here's how it works:

- Your premiums are initially allocated to the Fixed Account. Your first account allocation is the 15th of the month following your policy effective date. We'll let you know the initial allocation date in writing.
- You may transfer the Fixed Account values to your selected indexed accounts automatically up to four times a year in three-month intervals. For instance, if your initial allocation date is January 15, the next available quarterly transfer date is April 15.
- Each quarterly transfer is equal to the Fixed Account value plus any maturing indexed segment value, including any interest earned.
 - You cannot transfer indexed account values to the Fixed Account, except at segment maturity (the one-year term).

You can establish standing allocation instructions

You can choose the:

- Quarter you want your money transferred (up to four quarters a year in three-month intervals)
- Percentage of the money you want transferred to each account

Your transfers will continue at the same percentages, to the same accounts, and on the same quarterly dates you choose. When you want a change, just notify us.

If you don't provide standing instructions, your premium will remain in the Fixed Account and maturing segments, including new interest, will automatically roll into the same indexed account option until you tell us to change it.

Tips for picking the dates that work for you

- If you pay an annual premium, you may want to consider choosing the first quarterly allocation date after your annual billing date.
- If you pay more often, consider choosing more than one date. This can help ensure your premiums are transferred to your indexed accounts as quickly as possible.



Tap your policy for income

You can take money out of your policy in two ways: through loans or withdrawals.

Taking a loan

The most efficient way to tap your policy for income is through loans. The money you borrow from your policy account value continues to earn interest, as if it were never taken out.

When you borrow from your policy:

- You can borrow up to 100% of the cash surrender value at any time during your policy.
- All of your policy value, borrowed and unborrowed, continues to earn interest.
- You are charged a fixed interest rate on the loan. The guaranteed interest rate is
 - 6% for policy years 1 through 10
 - 5% for policy year 11 through attained age 100
 - 3% after attained age 100
- Your policy value continues to have growth potential and may earn more or less than the interest rate on the loan, but never less than the guaranteed 1%.

Making withdrawals

You can make withdrawals instead of taking a loan from your policy's cash value, but the money you withdraw will not earn interest. Keep in mind:

- The maximum you can withdraw is 100% of the cash surrender value less \$500.
- The minimum you can withdraw is \$500.
- A withdrawal cannot decrease the face amount below the minimum required face amount.
- An additional charge may apply if the withdrawal reduces the policy's face amount.
- Withdrawals and policy charges are taken from the Fixed Account until it is exhausted and then from the most recently opened indexed account.
- For policy charges taken from an indexed account, an Index Bonus will be credited if the monthly deduction reduces the value of any indexed account, and the policy value is greater than zero. The bonus amount is the estimated interest that would have been earned if the policy charges had been taken from the Fixed Account.
- The company currently assesses no transaction fee for withdrawals. The fee is guaranteed to be no more than \$25.

Loans and withdrawals reduce your policy's cash surrender value and death benefit, may cause the policy to lapse, and may have tax implications.

Key terms:

Segment A segment tracks a separate performance time frame, which matures at the end of a 12-month term.

Mature segment A segment that has reached the end of its 12-month term.

Surrender charges Charges for the early, full, or partial surrender of the policy apply for nine years. Surrender charges vary based on age, gender, and risk class, and decrease over the nine-year period. See your policy for details regarding surrender charges specific to your policy.

Additional protection to fit your unique needs

Feel protected with optional policy riders that can help get you through uncertain times.

- Get a portion of your policy's death benefit if you become terminally or critically ill.
- Cover a portion of your policy premium if you become disabled.
- Insure your children under your policy.
- Add supplemental term life coverage to your policy for a loved one.
- Protect your policy from lapsing in certain situations.

Riders are available for an additional cost. Benefits and availability may vary by state.

Get the protection you need today and the growth potential you want for the future.

Ask your advisor about *Lincoln LifeReserve* Indexed UL today.



Enjoy the advantages *Lincoln LifeReserve*[®] Indexed UL brings

Protect	Legacy and death benefit protection	The income tax-free death benefit can help you build your legacy and help protect your estate.
	Growth potential	You will have cash value growth potential and will never lose earnings.
	Minimized risk	Growth is based on one index: the S&P 500. The amount of interest credited is based on the indexed account strategy you choose. If there are gains over a specific time frame, you will receive the stated interest rate of the account. If there have not been any gains during the specific time frame, you will be protected by a 1% minimum guaranteed rate.
Accumulate	Income tax-free growth	Your policy has the potential to help you build income tax-free income each year.
Enjoy	Growth on borrowed money	Money you borrow from your policy's account value continues to earn interest, as if it were never taken out. Policy cash values and death benefit will be reduced by the amount of the loan.

Important information about your policy

Please note: You will need to maintain a minimum amount of cash surrender value in the policy to keep it from lapsing. Exercising certain policy features (such as loans, withdrawals, or skipped premiums) may reduce cash surrender values and death benefits, may have tax implications, and may cause the policy to lapse. If the policy does lapse, the total amount of loans due would be considered taxable income. Withdrawals and surrenders are tax-free up to your cost basis,

provided your policy is not a Modified Endowment Contract (MEC). A MEC policy is one in which the life insurance limits exceed certain high levels of premium, or your cumulative premium payments exceed certain amounts specified under the Internal Revenue Code. For policies that are MECs, distributions during the life of the insured, including loans, are first treated as taxable to the extent of income in the contract; and an additional 10% federal income tax penalty may apply.



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HELPING PEOPLE FACE THE FUTURE WITH CONFIDENCE

At Lincoln Financial Group, we've spent more than 100 years living up to the character of our namesake: integrity, honesty, and the belief in a better tomorrow. We provide advice and solutions to help people save for tomorrow, secure and maximize their income, protect themselves and their loved ones, and prepare for the unexpected.

Hello future.®

INCOME
LIFE
RETIREMENT
GROUP BENEFITS

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Not a deposit
Not FDIC-insured
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May go down in value

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LCN1108-2057389

ECG 8/11 **Z01**

Order code: LRI-IUL-BRC001

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