



You're In Charge®

The purpose of this communication is the solicitation of insurance. Contact will be made by an insurance agent or insurance company.

Lincoln MoneyGuard® Reserve

Paying for long-term care

New York



LIFE SOLUTIONS

Client Product Guide

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		

Insurance products issued by:
Lincoln Life & Annuity Company of New York



The information you need about *Lincoln MoneyGuard*[®] Reserve

Lincoln *MoneyGuard* Reserve is a universal life insurance policy with optional long-term care benefit riders issued by **Lincoln Life & Annuity Company of New York**, which helps you get much more for your long-term care dollars and immediately increases the protection for the rest of your portfolio.

- Tax-advantaged long-term care benefits and more leverage for your long-term care dollars
- An income tax-free death benefit
- A return of premium feature*

A return of premium

If you purchase a one-pay policy, you can request a return of your premium paid. The amount you receive will be adjusted for any loans, withdrawals or benefits paid, and may have tax implications.

An income tax-free death benefit

If you die, your policy will pay an income tax-free death benefit to your beneficiaries. This benefit will be adjusted for any long-term care benefits received.

Long-term care benefits

If you need long-term care, your policy can provide income tax-free reimbursements for qualified long-term care expenses.

Key benefits

Income tax-free long-term care benefits

Benefits are generally paid income tax-free under Internal Revenue Code (IRC) section 104(a)(3).

If you need long-term care and have met eligibility requirements, the specified amount of death benefit is accelerated to pay for covered expenses up to a monthly maximum benefit amount. The acceleration of benefits is provided under the Convalescent Care Benefits Rider (CCBR).

At issue, you can purchase additional coverage to continue your long-term care benefit payments for covered expenses after your initial specified amount of death benefit is exhausted. The Extension of Benefits Rider (EOBR) provides you with these benefits for a specified minimum period. Long-term care coverage will continue as long as you remain eligible or until your entire long-term care benefit is exhausted.

Lifetime return of premium for one-pay policies

If you change your mind, your policy provides a return of premium through the Return of Premium Rider (ROPR), required on all one-pay policies for issue ages 30 through 69. Your premium payment can be returned to you, reduced by the amount of any loans, withdrawals or benefits paid. A portion of the money you receive back may have tax implications. This feature is not available on flex-pay policies.

Income tax-free death benefit

If you never need long-term care, a death benefit is paid to your beneficiaries, income tax-free under IRC Section 101(a)(1).

Lifetime benefit guarantees

Benefits are guaranteed and backed by the claims-paying ability of the issuing company. Any loans or withdrawals may jeopardize your policy performance and guarantees, and have tax implications.

Interest credits and tax-deferred growth

Your policy is guaranteed a 4% interest rate and grows tax-deferred.

*Through the Return of Premium Rider (ROPR) available at issue on all one-pay policies.

Key benefits

Optional inflation protection

At issue, you can purchase simple or compound inflation protection on the EOBR that will increase your long-term care benefits.

	EOBR
Simple	3%
Compound	5%

Simple increases

On each policy anniversary, the EOBR monthly maximum benefit increases by 3% of the initial monthly maximum. For example:

First anniversary. If the EOBR monthly maximum benefit at the time of purchase is \$4,500, it will increase by 3%, or \$135, beginning on the first anniversary date. The new EOBR monthly maximum benefit would be \$4,635.

Second anniversary. The \$4,635 benefit increases by \$135, for a EOBR monthly maximum benefit of \$4,770. The EOBR monthly maximum benefit will continue to increase by \$135 on every policy anniversary.

Compound increases

If the 5% Compound Inflation Option is selected, the EOBR monthly maximum benefit increases by 5% on each policy anniversary.

Example: Initial EOBR monthly maximum benefit (EOBR = \$4,500)

First anniversary. The EOBR monthly maximum benefit increases by 5% ($\$4,500 \times .05 = \225). New EOBR monthly maximum benefit is $\$4,500 + \225 for a total of \$4,725.

Second anniversary. The EOBR monthly maximum benefit increases by 5% of the previous year's amount ($\$4,725 \times .05 = \236.25). New EOBR monthly maximum benefit is $\$4,725 + \$236.25 = \$4,961.25$

Eligibility for long-term care benefits

Deductible period

You'll be reimbursed for covered expenses up to the maximum benefit specified in your policy once the initial 90-day deductible period is satisfied.*

Coverage requirements

Your policy will pay for qualified long-term care services if a Licensed Health Care Practitioner certifies that you are chronically ill (see "Chronic illness") and if care is provided under a care plan prescribed by your Licensed Health Care Practitioner.

You'll be reimbursed for covered expenses up to the maximum benefit specified in your policy.

Your long-term care benefits will continue as long as you are chronically ill, until your entire CCBR benefit, plus any benefits provided by the EOBR, is exhausted.

Chronic illness

A chronically ill person is any individual who has been certified within the preceding 12 months by their attending Licensed Health Care Practitioner as being unable to perform, without substantial assistance from another individual, at least two activities of daily living (ADLs) for a period of at least 90 days as a result of loss of functional capacity. ADLs are bathing, continence, dressing, eating, toileting, and transferring.

You are also considered chronically ill if, within the preceding 12 months, you were certified by a Licensed Health Care Practitioner as requiring substantial supervision to protect you from threats to health and safety caused by severe cognitive impairment—for example, as a result of Alzheimer's disease or similar forms of mental capacity loss.

Prior hospitalization is not required. Care must be provided under a plan of care prescribed by your Licensed Health Care Practitioner. Your chronic illness and care plan must be reconfirmed at least once every 12 months for as long as care is required. Lincoln may periodically review the extent of your eligibility.

Alzheimer's disease and senility dementia

Your policy covers Alzheimer's disease and similar forms of mental capacity loss.

*Not all covered services subject to 90-day deductible.

Qualified long-term care services

Policy coverage

Your policy covers qualified long-term care services, which are necessary diagnostic, preventative, therapeutic, curing, treating, mitigating, rehabilitative, maintenance or other personal care services provided under a plan of care prescribed by your Licensed Health Care Practitioner.

Your benefits will continue as long as you remain chronically ill, until your entire long-term care benefit is exhausted.

Nursing facility benefits

If you are admitted as an overnight resident patient to any state-licensed nursing home, your policy will reimburse you for all covered expenses to the extent they are qualified long-term care services.

All levels of care—skilled, intermediate and custodial—are covered and are subject to the monthly maximum benefit.

Assisted living facility services

If you need maintenance, personal care services or protective oversight on a daily basis that can be provided by an assisted living facility, the policy will reimburse the expenses incurred while you are confined in a facility (not to exceed the monthly maximum benefit).

Bed reservation benefit*

If, while you are a resident of a nursing home and receiving benefit payments, you must temporarily leave for any reason other than discharge, the policy will reimburse the expenses you incur to reserve (or to hold) your bed in the nursing home. This includes, but is not limited to, a hospital stay or your spending holidays or other time with family.

The policy will pay up to 1/30 of the monthly maximum benefit for each day the bed is reserved for you for up to 30 days during each calendar year.

Home healthcare benefits*

If you are chronically ill, your policy will reimburse the costs of skilled nursing or other professional services from a home healthcare agency.

Covered services include but are not limited to:

- Part-time intermittent skilled nursing services
- Home health aide services
- Physical therapy
- Occupational therapy
- Chemotherapy
- Speech therapy
- Audiology services
- Medical social services by a social worker

Adult day-care services

If you require only part-time long-term care, your policy will reimburse the costs of health, social and health-related support services at an adult day-care program (serving six or more individuals) up to the monthly maximum benefit.

Respite care*

Short-term care services provided in a facility, your home or a community-based program to relieve your primary caregiver can be reimbursed up to 1/30 of the monthly maximum benefit for up to 21 days in each calendar year.

Caregiver training*

Your policy will reimburse up to a lifetime maximum benefit of \$500 to provide a primary caregiver with the knowledge and skills to care for you when you are chronically ill.

Care planning*

Your policy will reimburse the expenses incurred for care plan services provided by a care planning agency under the direction of a Licensed Health Care Practitioner.

Alternative care services

If you need services that aren't specifically covered, the policy will reimburse for long-term care prescribed under a plan of care agreed to by your Licensed Health Care Practitioner and Lincoln, to the extent that these are qualified long-term care services.

Hospice services

Your policy provides benefits to reimburse for palliative care to alleviate the physical, emotional, social and spiritual discomforts when you are in the terminal phase of life.

These services include supportive care given to the primary caregiver and to your immediate family.

Personal care services*

Your policy provides benefits if you require that services be provided at your place of residence—outside of a hospital, nursing home or assisted living facility—to assist you with the activities of daily living, including:

- Using a telephone
- Managing medications
- Moving about outside
- Shopping for essentials
- Laundry
- Housekeeping

Noncontinual alternative care services*

Your policy will reimburse expenses for services received on a one-time basis, such as durable medical equipment or modifications to your residence to accommodate a wheelchair or other device. This benefit is limited to no more than one claim per calendar year and cannot exceed the monthly maximum benefit.

*No deductible period.

Qualified long-term care services

Exclusions and limitations

The long-term care benefit riders do not provide benefits for the following:

- Care provided in facilities operated primarily for the treatment of mental or nervous disorders, except for Alzheimer's disease or similar forms of dementia
- Treatment for alcoholism or drug addiction or chemical dependency (unless the addiction is a result of medication taken in doses prescribed by a physician)
- Treatment arising out of an attempt (while sane) at suicide or an intentionally self-inflicted injury
- Treatment provided in a Veterans Administration or government facility, unless the insured or the insured's estate is charged for the confinement or services, or otherwise required by law
- Loss to the extent that benefits are payable under Medicare (including that which would have been payable but for the application of a deductible or a coinsurance amount), other government programs (excluding Medicaid), worker's compensation laws, employer's liability laws, occupational disease laws and motor vehicle no-fault laws
- Confinement or care received outside the United States
- Services provided by ineligible facilities or providers, except as provided as alternative care services
- Services provided by a member of the insured's immediate family or services that would not incur any charge in the absence of insurance

Preexisting conditions disclosed on your application will be covered after your policy is issued. A preexisting condition is a condition for which you were diagnosed or received treatment within six months of the effective date of your policy.

Important facts about your policy

Issue ages and classes

Flexible premium: Ages 30-80 (age last birthday), male/female, nonsmoker and smoker.

Single pay: Ages 30-69 (age last birthday), male/female, nonsmoker and smoker.

Specified amounts

The minimum specified amount is \$75,000 for a 2-year CCB and \$115,000 for a 3-year CCB.

The maximum specified amount for a single-pay policy is \$500,000 for a 2-year CCB and \$750,000 for a 3-year CCB. For a flexible premium policy, the maximum specified amount is \$500,000.

Premium options

The policy can be purchased with a single pay or with flexible premiums paid for in 3, 5, 7 or 10 year periods.

Monthly insurance costs

Each month, the insurance costs for your life and long-term care benefits are deducted from the policy cash value.

Important facts about your policy (cont'd.)

Withdrawals, LTC benefits and policy loans

The death benefit and long-term care benefit will be reduced if any withdrawals or loans are taken. The residual death benefit, if available, will also be reduced. Withdrawals and loans may be taxable. Consult with your tax advisor for information about your specific situation. Taking loans or withdrawals may jeopardize your policy's performance and guarantees.

Total surrender

Your policy has a surrender charge, which reduces to zero over 20 years. Please see your personalized projection of values for actual costs. If you totally surrender your policy while the Return of Premium Rider is in effect, a surrender charge will be incurred only if the policy value at the time of surrender is greater than the sum of premiums paid.

Federal tax information

Qualified long-term care insurance

The Health Insurance Portability and Accountability Act defines federal tax treatment of insurance policies that provide long-term care coverage. Policies that meet certain criteria are designated as "qualified long-term care insurance" and will receive certain tax incentives: The charges taken from the cash value of the life insurance contract to fund the rider benefits are excluded from taxable income, and long-term care benefits received will not be reported as taxable income.

This policy is intended to meet the criteria for qualified long-term care insurance. Policies that are not recognized as qualified long-term care insurance are treated differently. Premiums paid may not be itemized as a deductible medical expense, nor are rider charges deductible.

Favorable tax treatment for qualified long-term care insurance

This coverage, including the Extension of Benefits Rider, is intended to be recognized as qualified long-term care insurance under federal law. The acceleration of life insurance benefits provided under the long-term care riders is intended to qualify for favorable tax treatment under section 7702B(b) of the IRC.

For federal income tax purposes, the policy is considered a qualified long-term care insurance contract. Note that your state insurance department does not in any way warrant that this coverage meet the requirements of section 7702B(b) of the IRC.

Acceleration of life insurance benefits

The benefits are generally excludable from your income and not subject to federal taxation. Receiving accelerated life insurance benefits may also affect eligibility for you, your spouse or your family for public assistance programs (e.g., Medicaid), Temporary Assistance for Needy Families (TANF), Supplementary Security Income (SSI), or drug assistance programs. Consult with a qualified tax advisor and social service agencies to determine the impact on public assistance eligibility.

Federal tax information (cont'd.)

Taxation of interest earnings

You pay no current income tax on the interest credited to your policy value.

Taxation of costs for CCBR and EOBR

The CCBR and EOBR are intended to provide qualified long-term care benefits under IRC section 7702B(b). The costs for these riders are deducted monthly from the policy cash value and are federally treated as “distributions” from your Lincoln *MoneyGuard*[®] Reserve policy. Lincoln will not report these distributions as taxable to you, even if your policy is a modified endowment contract (MEC). Instead, the costs will reduce the investment in the contract (cost basis), but not below zero, as the costs are taken from your policy. Once the investment in the contract has been reduced to zero, distributions for qualified long-term care rider charges will come from any gain in the contract, but still will not be reportable as taxable distributions.

A 10% penalty may apply if such a distribution is taxable and occurs prior to age 59½. Lincoln Financial Group, its affiliated companies, and its licensed insurance agents/representatives do not provide legal or tax advice. Consult with your tax advisor to learn more about how this may apply to your specific situation.

Tax-free exchanges

If you own cash value life insurance, you may be able to exchange your current policy, tax-free, for this policy.

Consider the advantages, disadvantages and costs associated with an exchange. For example, your new policy could include a standard contestable period and surrender-charge schedule.

Ask a licensed insurance agent/representative for additional information, including a detailed benefit comparison.

State laws and limitations

For details of coverage in New York, ask your representative/insurance agent for a detailed projection of values. With it, you will receive an Outline of Coverage, which describes the long-term care benefits, exclusions, limitations, costs and terms regarding reductions of benefits and continuance of coverage.

All references to tax benefits are based on the Lincoln understanding of current tax laws and regulations. Please consult with your tax advisor for additional information.

Conditions, exclusions and limitations

An adjustment to the policy’s specified amount of death benefit will be made for any misstatement in age or gender of the insured. Also, if the insured commits suicide within two years from the date of issue, any death proceeds will be limited to the amount of premium paid less any loans or prior withdrawals.

Lincoln *MoneyGuard*® Reserve commonly asked questions

How can I get more information about benefits and exclusions?

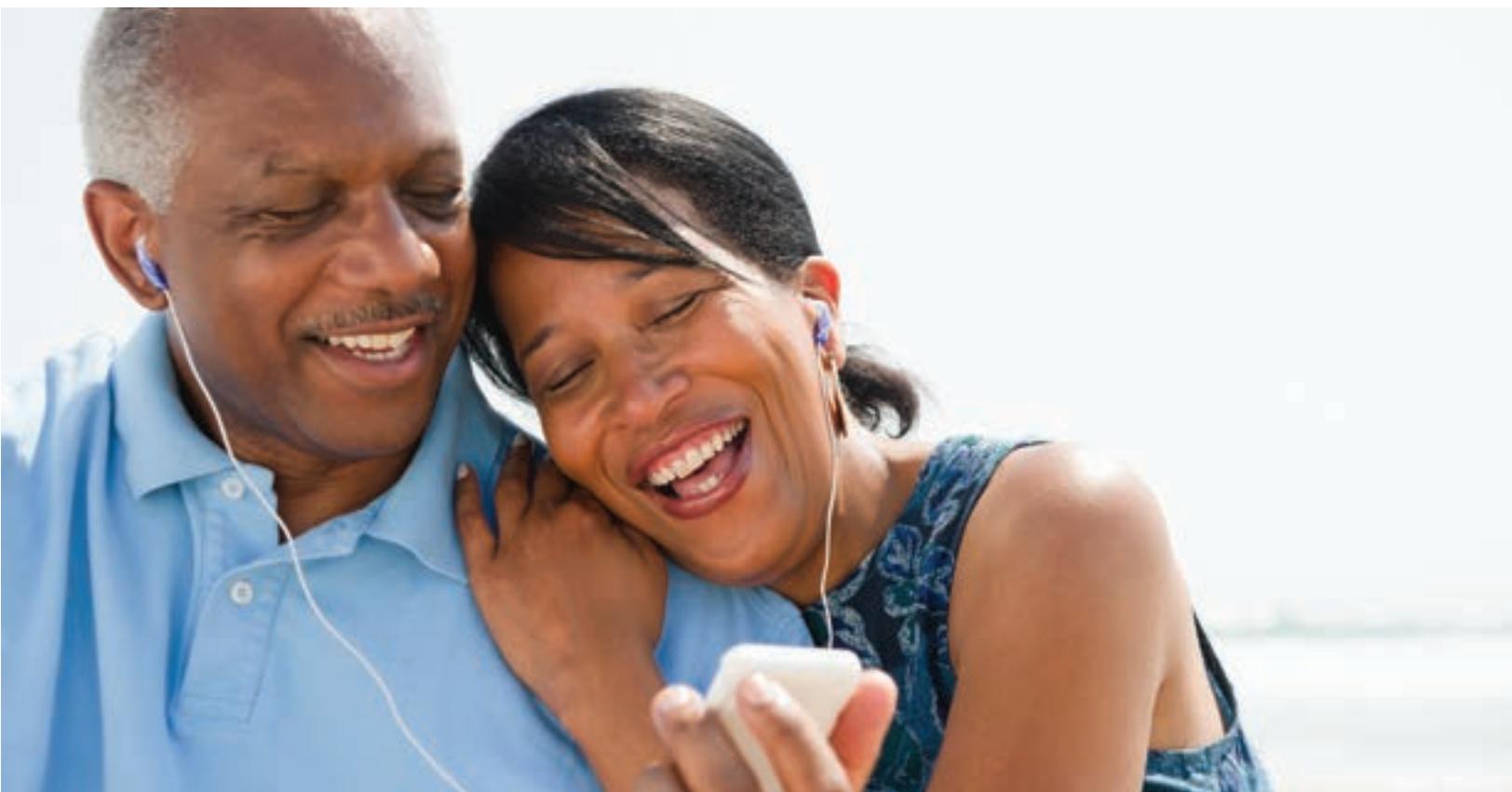
Ask a licensed insurance agent/representative for a projection of values and an Outline of Coverage.

How long is the application process?

- Policy underwriting is usually completed within one week of receipt of all necessary medical information.
- Once approved, your new policy will be sent to a licensed insurance agent/representative for delivery.

Is the information on my application confidential?

Lincoln considers your medical information private; therefore, it is held in the strictest confidence.



Contact a licensed insurance agent/representative

Now that you've reviewed the details about Lincoln *MoneyGuard*[®] Reserve, you have a better understanding of how it can help you address your long-term care needs. For more information about Lincoln *MoneyGuard* Reserve and planning to meet your goals, contact a licensed insurance agent/representative.

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

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Lincoln Financial Group[®] affiliates, their distributors, and their respective employees, representatives, and/or insurance agents do not provide tax, accounting, or legal advice. Please consult an independent advisor as to any tax, accounting, or legal statements made herein.

Lincoln *MoneyGuard*[®] Reserve is a universal life insurance policy with a rider that accelerates the specified amount of death benefit to pay for covered long-term care expenses. An Extension of Benefits Rider (EOBR) is available to continue long-term care benefit payments after the entire specified amount of death benefit has been paid. The Return of Premium Rider (ROPR) may be included at issue on one-time payment policies for issue ages 30–69. The amount of premium returned is adjusted for any benefits paid, any loans or withdrawals taken, and it will have tax implications. The cost of riders will be deducted from the policy value. The insurance policy and riders have limitations, exclusions, and/or reductions. Additionally, long-term care benefit riders may not cover all costs associated with long-term care costs incurred by the insured during the coverage period. All contract provisions, including limitations and exclusions, should be carefully reviewed by the owner.

Lincoln *MoneyGuard*[®] Reserve is issued by Lincoln Life & Annuity Company of New York, Syracuse, NY, on Policy Form LN850 (8/05) Rev with a Convalescent Care Benefits Rider on Rider Form LR851 (8/05), an Extension of Benefits Rider on Rider Form LR852 (8/05), a Return of Premium Rider on Rider Form LR850 (10/07), a Terminal Illness Accelerated Death Benefit Rider on Rider Form LR853 (8/05), a Right to Purchase a Long-Term Care Policy on Endorsement Form LR856 (8/05), and a Nonforfeiture Benefit Rider on Rider Form LR855 (8/05).

All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.

Accelerated death benefits may be taxable and may affect public assistance eligibility. For use only in the state of New York.