



You're In Charge<sup>®</sup>

WealthProtection Expertise<sup>SM</sup>

# The lifetime gift strategy

With Lincoln variable annuities and *i4LIFE*<sup>®</sup> Advantage



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:  
The Lincoln National Life Insurance Company  
Lincoln Life & Annuity Company of New York

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# Make the gift of a lifetime...

Not every retiree needs to use all the assets he or she has earmarked for retirement. If you're looking for a tax-smart way to gift your nonqualified assets and would like your beneficiaries to be able to enjoy that gift, consider a Lincoln variable annuity with *i4LIFE*® Advantage. By electing *i4LIFE*, an optional feature available through a Lincoln variable annuity for an additional charge, you can provide a tax-efficient lifetime income for a loved one.

## Meet Maggie

Maggie Anderson is 80 years old. She's a retired teacher who enjoys supporting the education of her three grandchildren.

### The goal

She knows she won't need her nonqualified variable annuity for retirement income. She would like to give the annuity to her son Rob to help provide for her grandchildren's education.

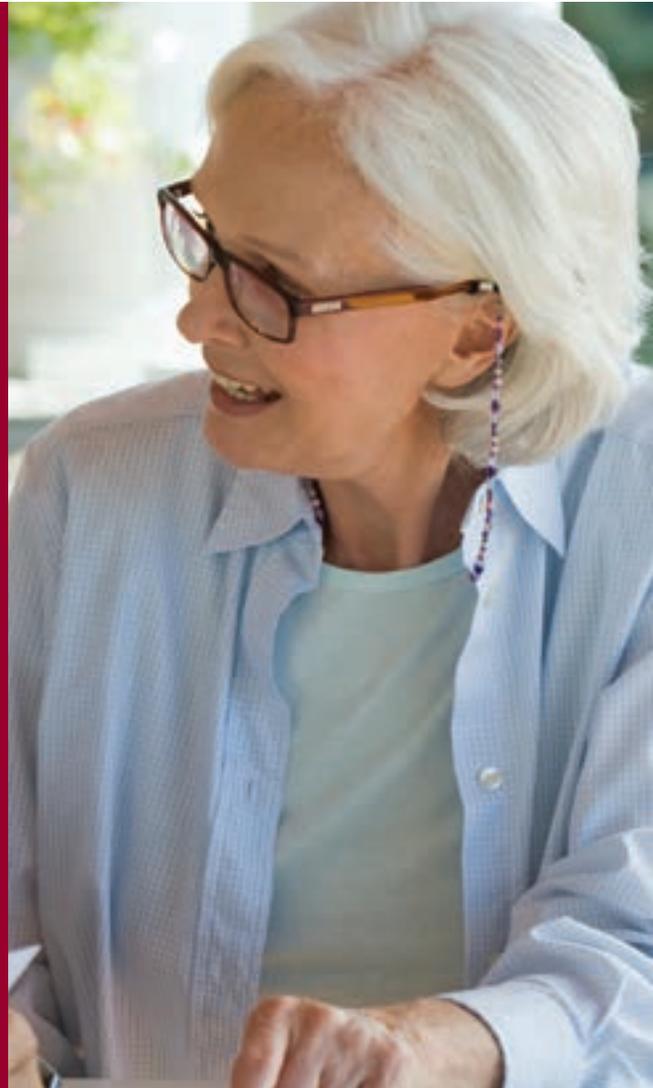
### The problem

Unfortunately, tax laws dictate that Maggie would have to pay taxes on all the gains if she gives away the annuity while it's in the accumulation phase.

### The solution

Maggie worked with her financial advisor to find a tax-smart way to make the gift. With *i4LIFE*, Maggie owes no taxes, and gives her son a tax-efficient lifetime income stream that still keeps him in control of the contract, including the ability to take additional withdrawals.

Keep in mind that, depending on the amount of the gift, federal gift taxes may be due as a result of implementing an annuity gifting strategy. See your tax advisor for guidance about your specific tax situation.



Variable annuities are long-term investment products that offer a lifetime income stream, access to leading investment managers, options for guaranteed growth and income (available for an additional charge), and death benefit protection.

To decide if a variable annuity is right for you, consider that its value will fluctuate; it is subject to investment risk and possible loss of principal; and there are associated costs such as mortality and expenses, administrative and advisory fees.

All guarantees, including those for optional features, are subject to the claims-paying ability of the issuer. Limitations and conditions apply.

## ...with a tax-smart wealth protection strategy

1

Maggie invested \$100,000 in a Lincoln variable annuity and it grew to \$200,000 over time.

Maggie doesn't need the assets for income. She would like to gift Rob (and his young family) the money, but when an annuity is gifted in the accumulation phase, the gains are immediately taxable to the owner (Maggie).

2

She elects *i4LIFE* Advantage with her son as the annuitant and gifts the annuity to Rob after the first payment.

*i4LIFE* provides a lifetime income stream and, for nonqualified assets, an exclusion ratio. This means Rob gets a portion of the principal back (untaxed) with each payment until the principal is fully returned.

3

Maggie owes no taxes, and Rob receives tax-advantaged payments.

With *i4LIFE*, the contract moved from the accumulation phase to the payout phase before it was gifted to Rob. So Maggie owes no taxes on the gain, and Rob pays regular income taxes only on the portion of gain in each payment, rather than as a lump sum.

4

Payments continue for Rob's lifetime, with the potential to grow.

Rob's first year total income was \$9,760, of which 56% was nontaxable return of principal. The payments will fluctuate and may grow based on his investment results. He keeps control over the investment, with the ability to take additional withdrawals or cash out the contract during the Access Period. (Before age 59½, additional withdrawals may be subject to an additional 10% federal tax.)

For illustrative purposes only.

These assumptions represent a 55-year-old male with a 1.25% mortality and expense and administrative fee variable annuity, a 0.40% charge for *i4LIFE* Advantage, the Account Value death benefit, a 4% Assumed Interest Rate (AIR), and a 35-year access period. You choose the length of the Access Period and the Assumed Interest Rate (AIR). After the Access Period ends, payments will continue on a lifetime basis, but you will no longer have access to your assets or a death benefit. Payments may vary slightly in certain states. Investment management fees and expenses as well as any 12b-1 distribution fees apply. Additional withdrawals will recalculate the *i4LIFE* payment.

# See how you can make the most of your assets and legacy. Learn more about wealth protection strategies from your financial advisor.

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Variable annuities are long-term investment products designed for retirement purposes and are subject to market fluctuation, investment risk, and possible loss of principal. Variable annuities contain both investment and insurance components and have fees and charges, including mortality and expense, administrative, and advisory fees. Optional features are available for an additional charge. The annuity's value fluctuates with the market value of the underlying investment options, and all assets accumulate tax-deferred. Withdrawals of earnings are taxable as ordinary income and, if taken prior to age 59½, may be subject to an additional 10% federal tax. Withdrawals will reduce the death benefit and cash surrender value.

**Investors are advised to consider the investment objectives, risks, and charges and expenses of the variable annuity and its underlying investment options carefully before investing. The applicable variable annuity prospectus contains this and other important information about the variable annuity and its underlying investment options. Please call 888-868-2583 for a free prospectus. Read it carefully before investing or sending money. Products and features are subject to state availability.**

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There is no additional tax-deferral benefit for an annuity contract purchased in an IRA or other tax-qualified plan.