FOR RETIREMENT

Lincoln Financial Group[SM]

Risk assessment questionnaire

Identify your investor profile

You're In Charge[SM]

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

2065318

You're In Charge℠

Find the investment mix that best meets your needs

Determining the type of investor you are will help you create an asset allocation strategy that suits you.

Your strategy should reflect the degree of risk you're comfortable with, combined with your time horizon — the number of years you have before you start withdrawing your savings.

Asset allocation is a key factor in investment success. Carefully consider your answers to this questionnaire. Doing so can help you create an asset allocation strategy that best meets your investing needs.

Risk assessment questionnaire

Time horizon

1. When do you expect to begin withdrawals from your retirement savings?

- **a.** Less than 1 year
- **b.** 1 to 2 years
- **c.** 3 to 4 years
- **d.** 5 to 7 years
- **e.** 8 to 10 years
- **f.** 11 years or more

2. Once you begin withdrawals from your retirement savings, how many years do you expect your savings to last?

- **a.** I plan to take a lump sum distribution
- **b.** 1 to 4 years
- **c.** 5 to 7 years
- **d.** 8 to 10 years
- **e.** 11 years or more

Risk aversion

3. Inflation — the rise in prices over time — can erode the purchasing power of your retirement savings. Some investors will accept a higher level of risk to pursue higher returns that manage the negative impact of inflation. Which of the following portfolios best reflects your willingness to accept increased risk to beat inflation?

- **a. Portfolio 1** will most likely exceed long-term inflation by a significant margin and has a high degree of risk.
- **b. Portfolio 2** will most likely exceed long-term inflation by a moderate margin and has a high-to-moderate degree of risk.
- **c. Portfolio 3** will most likely exceed long-term inflation by a small margin and has a moderate degree of risk.
- **d. Portfolio 4** will most likely match long-term inflation and has a low degree of risk.

4. Most investments fluctuate year to year. Suppose you invested $30,000 in a mutual fund this year with the intention of holding it for 10 years. If this investment lost value during the first year, at what value of your initial $30,000 investment would you sell and move to a more stable investment?

- **a.** $28,500 (5% loss)
- **b.** $27,000 (10% loss)
- **c.** $25,500 (15% loss)
- **d.** $24,000 or less (20% loss+)
- **e.** I would not sell

5. Investing involves a trade-off between risk and return. What are your priorities for your retirement savings?

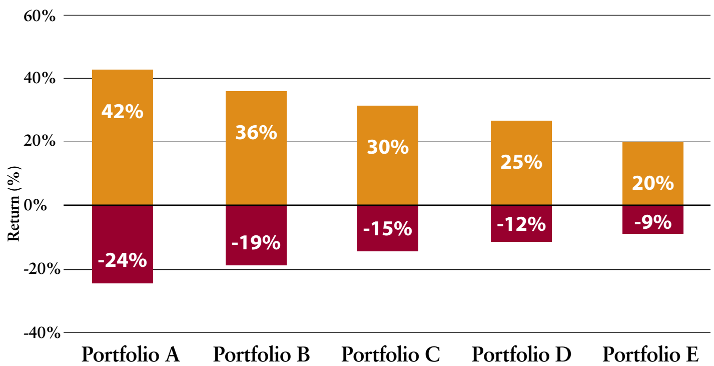
- **a.** Protect the value of my account. In order to minimize the chance for loss, I am willing to accept the lower long-term returns provided by conservative investments.
- **b.** Keep risk to a minimum while trying to achieve slightly higher returns than those provided by very low risk investments.
- **c.** Pursuing long-term growth is equally as important to me as managing the risk of losses.
- **d.** Maximize long-term investment returns. I am willing to accept large and sometimes dramatic fluctuations in the value of my investments.

6. Historically, markets have experienced downturns, both short-term and prolonged, followed by recoveries. Suppose the value of your retirement savings fell by 20% (i.e., $1,000 initial investment would now be worth $800) over a short period, due to an overall drop in the market. Assuming you still have 10 years until you need to draw on your savings, how would you react?

- **a.** I would not change my portfolio.
- **b.** I would wait at least one year before changing to options that are more conservative.
- **c.** I would wait at least three months before changing to options that are more conservative.
- **d.** I would immediately change to options that are more conservative.

Risk assessment questionnaire

7. The following graph shows the hypothetical best and worst results of five sample retirement savings portfolios over a one-year holding period. Note that the portfolio with the highest upside also has the largest potential downside.



Which of these portfolios would you prefer to hold?

- **a.** Portfolio A
- **b.** Portfolio B
- **c.** Portfolio C
- **d.** Portfolio D
- **e.** Portfolio E

8. I am comfortable with investments that may frequently experience large declines in value if there is a potential for higher returns. What is your feeling about this statement?

- **a.** I agree
- **b.** I disagree
- **c.** I strongly disagree

Questionnaire scoring system

This questionnaire scoring system is designed to help you assess what type of investor you are, based on your responses to the risk tolerance questions.

Like the questionnaire itself, the scoring system is divided into two distinct sections:

- Time horizon score
- Risk aversion score

Each section is scored separately and both scores are considered, using the tables below to help determine your investor type.

Time horizon score

The time horizon portion of the scoring is taken from questions 1 and 2. The score on these two questions helps to determine your time horizon level. Investors who score into the shorter time horizon levels typically do not fit the profile of a more aggressive investor. This is consistent with generally accepted investment principals that individuals with shorter-term horizons should hold portfolios, which are more conservative.

Risk aversion score

Within each time horizon level, your risk aversion helps to determine your investor type. If your risk aversion suggests an investor type that is not an option due to your time horizon level (for example, you have a high risk tolerance, but a short investment time horizon), you may want to consider a more appropriate investor type. This process allows investors with conservative risk aversion characteristics and short time horizons to be assigned a similar investor type, while protecting investors with aggressive risk aversion characteristics and short time horizons from being assigned an investor type that may take excessive risks.

The risk aversion portion of the scoring is taken from questions 3 through 8. The score on these questions determines your risk aversion level. While the primary purpose of the time horizon score is to find your ability to take on risk, the main goal of the risk aversion portion of the questionnaire is to capture how much risk you are willing to take.

Investors who feel uncomfortable with extreme volatility or the possibility of large losses to their portfolio are assigned a more conservative investor type, while investors who are willing to accept greater risk are assigned a more aggressive investor type.

Risk assessment questionnaire

Time horizon score

Add the time horizon score from questions 1 and 2. The score on these questions determines the time horizon level.

The table below shows the point value of each answer in the time horizon section:

Question 1	Question 2
a. 0	**a.** 0
b. 1	**b.** 1
c. 2	**c.** 5
d. 3	**d.** 7
e. 5	**e.** 10
f. 7	

Time horizon score = sum of values of question 1 and question 2

Risk aversion score

Take the risk aversion responses from questions 3 through 8. A point value is assigned to each response The highest points are awarded to the most aggressive answers. The risk aversion score ranges from zero (most conservative) to 100 (most aggressive).

The points assigned to each question are as follows:

Question 3	Question 4	Question 5
a. 18	**a.** 0	**a.** 0
b. 12	**b.** 5	**b.** 5
c. 6	**c.** 9	**c.** 10
d. 0	**d.** 14	**d.** 15
	e. 18	

Question 6	Question 7	Question 8
a. 15	**a.** 19	**a.** 15
b. 10	**b.** 14	**b.** 8
c. 5	**c.** 9	**c.** 0
d. 0	**d.** 5	
	e. 0	

Risk aversion score = sum of values of question 3 through question 8

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Risk assessment questionnaire

Recommending an investor type
To use the scoring grid, find the time horizon score on the horizontal axis and the risk aversion score on the vertical axis. The intersection of these two points is your suggested investor type. With the assistance of a financial professional, the summary scoring grid below helps you determine your investor type by combining the time horizon and risk.

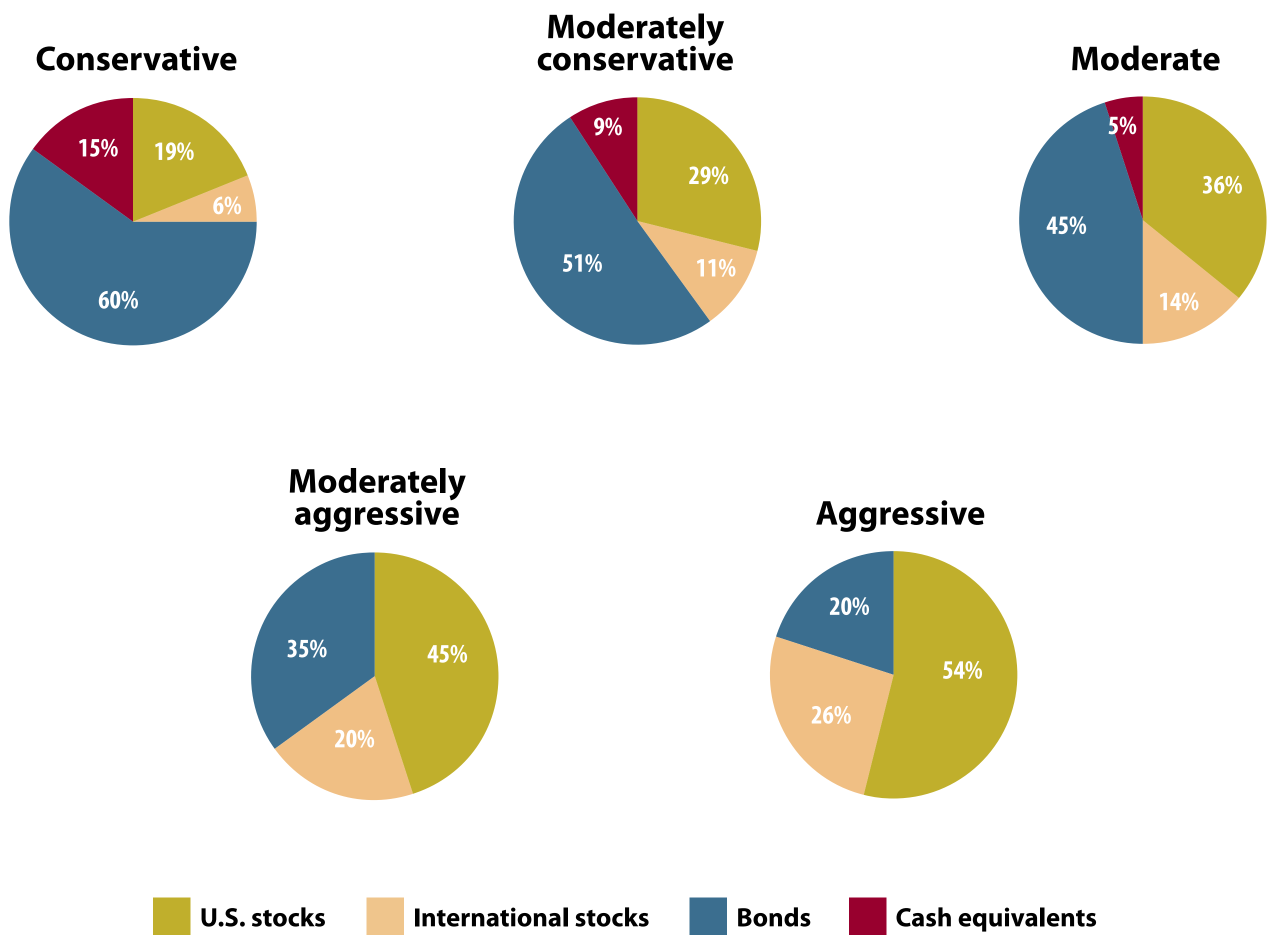
Risk aversion score	**Time horizon score**				
	1 – 2	3 – 5	6 – 7	8 – 10	11+
0 – 16	Conservative investor	Conservative investor	Conservative investor	Conservative investor	Conservative
17 – 39	Conservative investor	Moderately conservative investor	Moderately conservative investor	Moderately conservative investor	Moderately conservative
40 – 65	Conservative investor	Moderately conservative investor	Moderate investor	Moderate investor	Moderate
66 – 87	Conservative investor	Moderately conservative investor	Moderate investor	Moderately aggressive investor	Moderately aggressive
88 – 100	Conservative investor	Moderately conservative investor	Moderate investor	Moderately aggressive investor	Aggressive

Note: If you have a time horizon score of zero, even the conservative investor type may not be appropriate. You may want to consult a financial professional for additional assistance with your investment choices.

Risk assessment questionnaire

Asset allocation models

These sample models show how different investor types might choose to allocate their assets. For more help with asset allocation, consult your Lincoln Financial professional.



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