

Protecting your business investment

A strategy to insure against the unexpected death of a key employee

Lincoln WealthAdvantage® Indexed UL

CASE STUDY



Meet Vince and Mark

Vince owns a large construction company. Mark is his employee, a well-respected civil engineer and general sales manager.

In 2008, Vince hired Mark to take his commercial construction company to the next level. Since then, Mark has continued to generate considerable sales for Vince's company.

Mark is vital to the company's success, and his unexpected death would expose Vince's business to financial risk.

You carry insurance coverage to protect your business from the loss of buildings and equipment, but what about your most valuable asset—your key employees?

A key employee may be a partner, a top executive or an important member of your organization with unique talents, experience or skills. These individuals are crucial to the prosperity of your business. A key employee's death may create a significant financial risk. It could lead to business disruption, loss of profits, and the financial burden of recruiting and training a suitable replacement.

Help protect against this risk with key person insurance. It's the financial protection you need to help maintain business continuity and solvency in the event of a key employee's death. Often financial institutions and investors require that companies carry this coverage to protect their business loans and investments.

Vince's challenge

He wants to protect his business from the financial impact of Mark's death.

The wealth protection strategy

Vince's advisor recommends key person insurance, with Mark as the insured. If Mark should die, the death benefit proceeds may be used to:

- Replace lost revenue
- Provide liquidity to recruit and train Mark's successor
- Maintain business continuity for Vince's clients, creditors and employees

How the strategy works

Vince's business purchases a *Lincoln WealthAdvantage* IUL policy, with Mark as the insured. The business is the owner, premium payer, and beneficiary of the life insurance policy. In the event of Mark's death, the business can use the death benefit proceeds to help sustain its operations.¹

By adding the optional Surrender Value Enhancement Endorsement to the policy, surrender charges are waived in all years, which allows for potentially higher early cash value.² This can be especially valuable to a business with balance sheet sensitivity, such as Vince's.

¹ If the requirements of IRC §101(j) are not met, then the life insurance proceeds received by the employer will be subject to income tax to the extent that the proceeds exceed the employer's cost basis in the policy.

² Available only at issue. There is no additional charge for the rider, however a higher per \$1,000 of specified amount is assessed for 10 years and a lower persistency bonus will apply. See SVEE fact sheet to learn more.

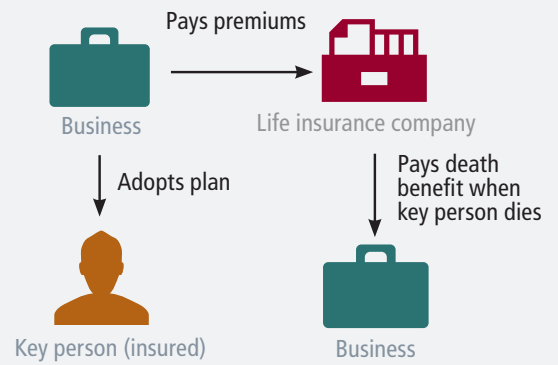
See the solution 



Key person

Mark
Age 45
Preferred nonsmoker

Key person protection: \$1 million death benefit
Total premiums paid at age 65: \$200,000
(\$10,000 annually to age 65)
Surrender value at age 65: \$236,287



Hypothetical example assumes a male, age 45, preferred nontobacco, *Lincoln WealthAdvantage*[®] Indexed UL, \$1,000,000 level death benefit, \$10,000 annual premium paid for 20 years. Assumed rate 6%. State of North Carolina. Assuming 1% and guaranteed charges, policy lapses age 67/year 22.

Experience the benefits of *Lincoln WealthAdvantage*[®] Indexed UL

- 1 Cash values that can be accessed by your business through policy loans and withdrawals*
- 2 Higher early cash value potential for your balance sheet with the Surrender Value Enhancement Endorsement, which waives surrender charges in all years
- 3 Tax-deferred cash value growth potential
- 4 Financial flexibility at retirement or termination of employment with the option to:
 - Keep or surrender the policy
 - Transfer the policy to the insured employee
 - Use policy values for informal funding of executive compensation arrangement

*Loans and withdrawals will reduce the policy's cash value and death benefit, may cause the policy to lapse, and may have tax implications. If amounts are withdrawn from the indexed accounts prior to the end of the term, any interest earned for that term will be forfeited. (In New York, value withdrawn from unmaturing index segments will receive a prorated 1% interest credit.)

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

Help strengthen and protect your business
Ask your advisor about wealth protection strategies for business owners.

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Lincoln WealthAdvantage[®] Indexed UL is issued on policy form UL6046/ICC15UL6046, with Surrender Value Enhancement Endorsement (SVEE) form 7026, and state variations by The Lincoln National Life Insurance Company, Fort Wayne, IN, and distributed by Lincoln Financial Distributors, Inc., a broker-dealer. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so.**

Policies sold in New York are issued on policy form UL6046N, with Surrender Value Enhancement Endorsement (SVEE) form 7026N, by Lincoln Life & Annuity Company of New York, Syracuse, NY, and distributed by Lincoln Financial Distributors, Inc., a broker-dealer.

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