

Providing Retirement Security for Americans

The Need for Guaranteed Lifetime Income and Safety
(Through Variable Annuities)



You're In Charge®

CONSUMER BENEFITS OF VARIABLE ANNUITY GUARANTEES

DOL Rule CBA does not appear to take into account significant and valuable consumer benefits of Lifetime Income and Survivor Death Benefits for retirement savers

<p>Lifetime Guaranteed Income:</p> <p><i>Lincoln guarantees future income payments on qualified plans worth \$30.6 Billion in today's dollars regardless of market performance</i></p>	<p>Combined Market and Longevity Risk <u>Probability of outliving retirement assets¹</u></p> <table data-bbox="1201 558 1593 732"> <tr> <th>Annuity saver</th><th>Mutual fund saver</th></tr> <tr> <td>0%</td><td>50%</td></tr> </table> <p>Lifetime Income guarantees remove the possibility outliving retirement assets</p>	Annuity saver	Mutual fund saver	0%	50%				
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<p>Survivor Death Benefits</p> <p><i>Lincoln guarantees minimum death benefits on qualified plans of \$37.6 Billion in today's dollars regardless of market performance</i></p>	<p>Retirement Survivor Risk <u>Male and Female Age 65</u></p> <table data-bbox="1134 1003 1661 1174"> <tr> <th>Age</th><th>% at least one survivor³</th></tr> <tr> <td>85</td><td>93%</td></tr> <tr> <td>95</td><td>53%</td></tr> <tr> <td>100</td><td>23%</td></tr> </table>	Age	% at least one survivor ³	85	93%	95	53%	100	23%
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There is a 50% chance that retirees will outlive their assets¹
More than 40% of retirees underestimate their life expectancy²

CONSUMER COST FOR LIFETIME INCOME GUARANTEES IS STABLE THROUGH VOLATILE MARKETS

Consumer Pays a Rider Charge for Lifetime Income Guarantees

- Consumer transfers longevity risk & market risk to Insurance Company
- Pays for lifetime income guarantee via a rider charge
- 83% of retirement savers who purchase a variable annuity do so with the intent of using the annuity as a source of secured retirement income for life¹

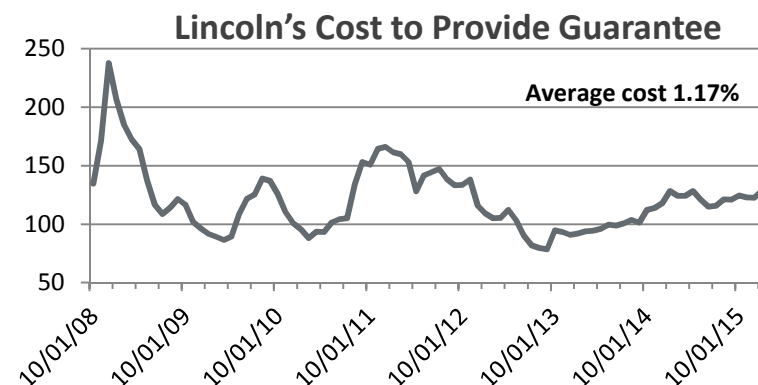
Lincoln's Joint Life Lifetime Income Rider Charge

Average

1.17%

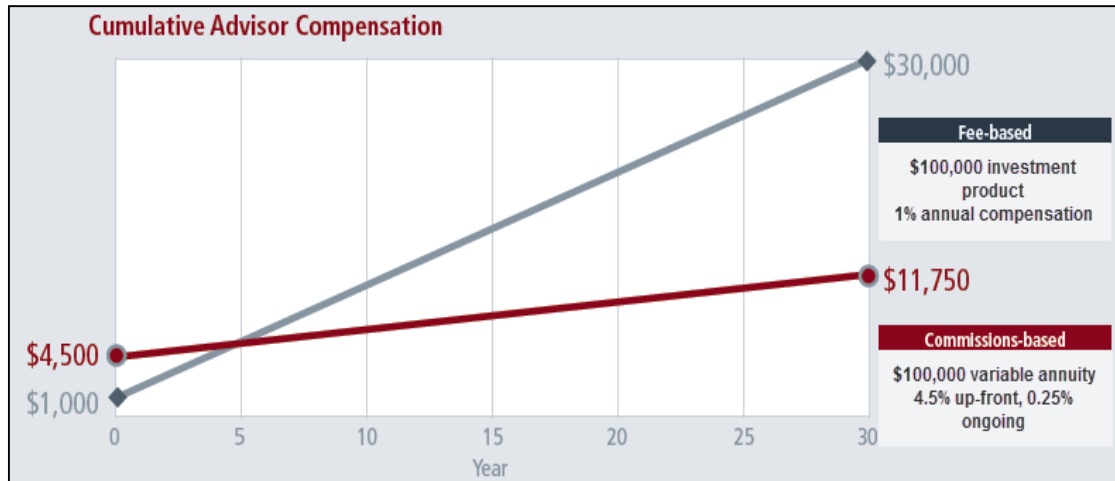
Cost to Provide Lifetime Income Fluctuates with Capital Markets

- Cost of income guarantee based upon level of interest rates and realized volatility



The law of large numbers and sophisticated hedging enables Lincoln to offer a consistent and fair price to consumers for Lifetime Income Guarantees

FEES FOR ADVICE ARE NOT ALWAYS THE BEST SOLUTION FOR LONG-TERM INVESTMENTS SUCH AS VARIABLE ANNUITIES

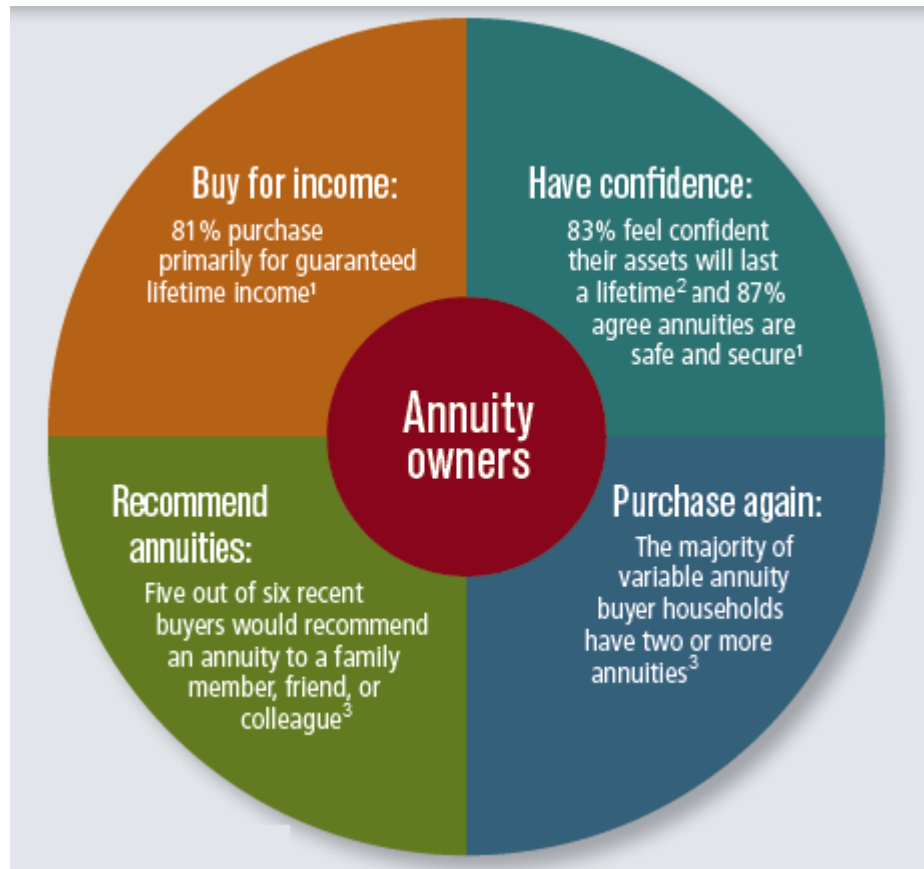


Consumers across all income levels prefer to pay for financial services through commission-based compensation (40%) than through asset-based fee compensation (30%).

- Guarantee purchases are long-term buy and hold investments
- Commissions are a better value for consumers
- Commissions align to extended upfront advice cycle for long-term guaranteed products, like variable annuities

Source: Phoenix Marketing International, Cerulli Associates, "Clients' Preferred Fee Structure by Investable Assets," 2013.

SAVERS ARE SATISFIED WITH ANNUITY OWNERSHIP



83% of individual annuity owners say they believe annuities are an important source of retirement security¹

¹2013 Gallup Organization Survey

²U.S. Deferred Annuity Buyer Attitudes and Behaviors, LIMRA 2012

³Finding the Right Mix, Retirement Income Attitudes & Preferences, LIMRA Secure Retirement Institute, 2014.