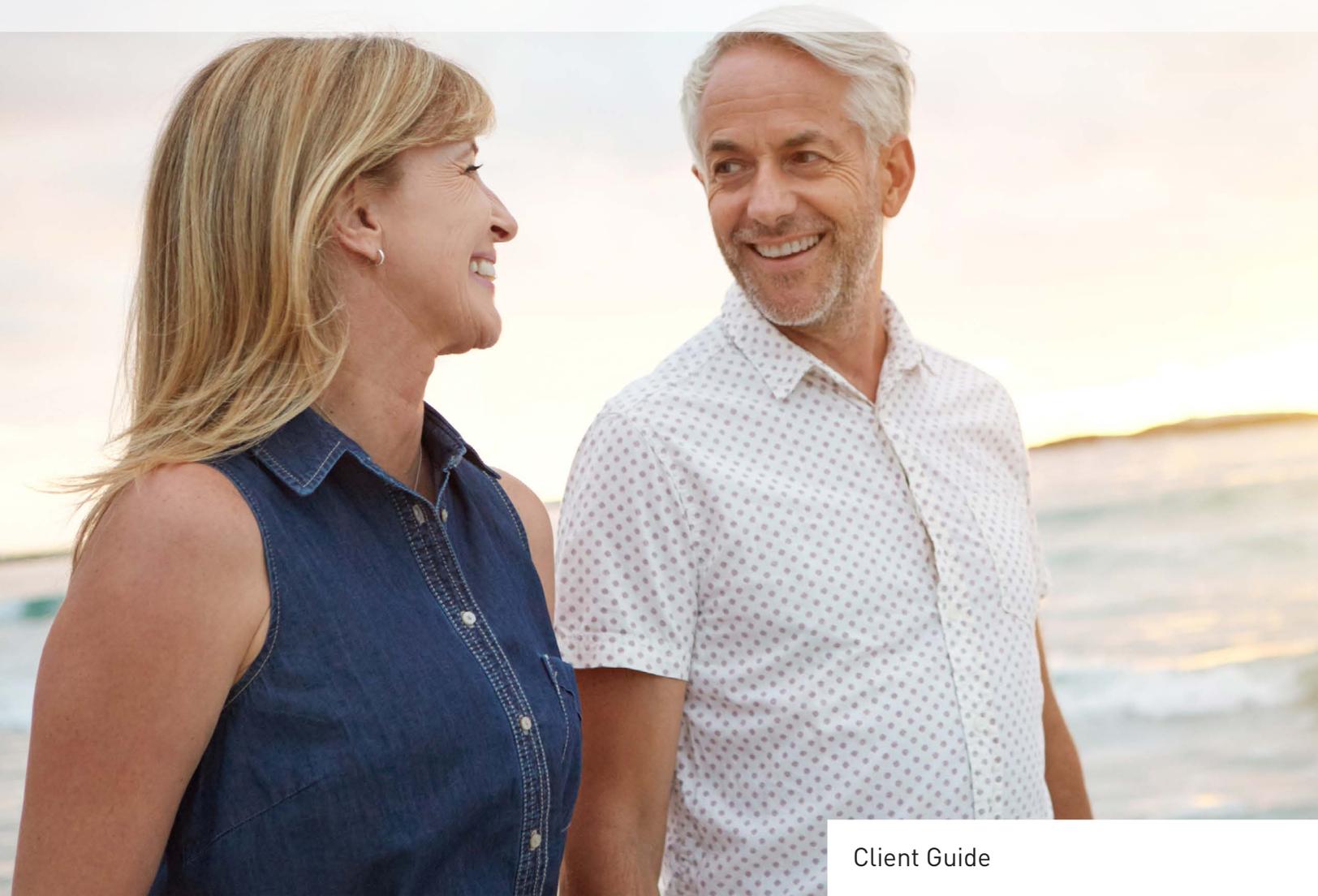


Get ready for a tax-efficient retirement

What you can do today to help protect your retirement income



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

Keep more of what you earned

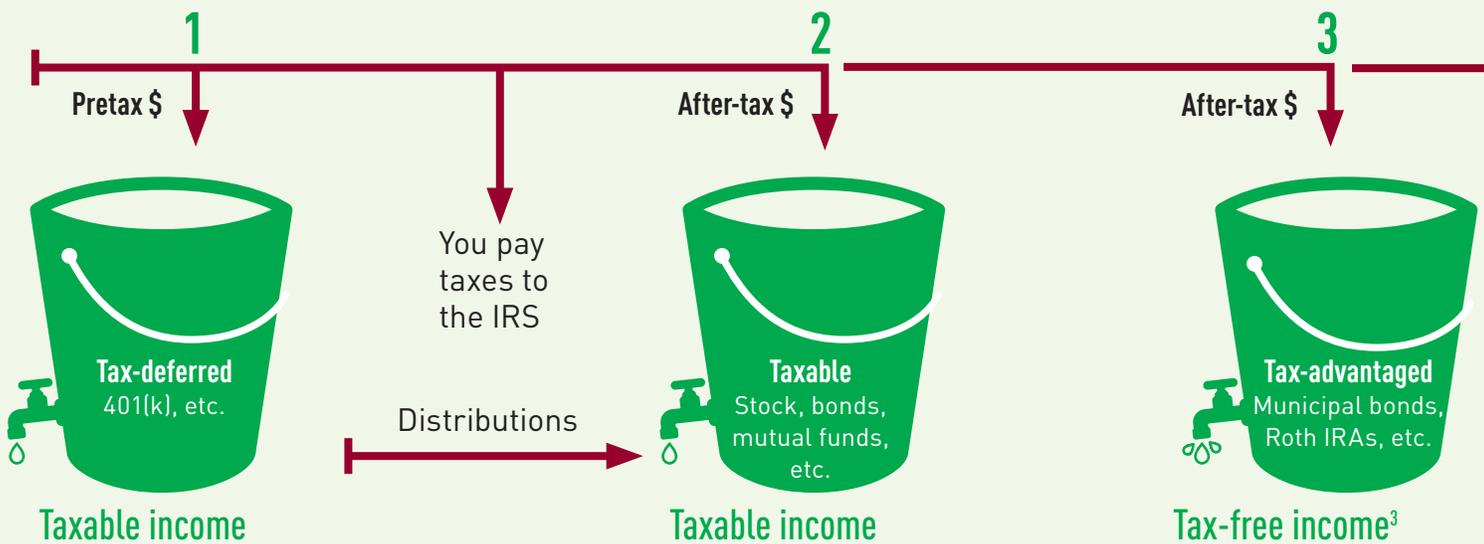
If you're concerned about taxes, you're not alone. Three of four Americans we surveyed feel concerned about how taxes could impact their retirement.¹ Tax risk can affect you today and could potentially erode your retirement income. The good news is that you can make solid decisions now to benefit you in the future.

Talk with a financial professional about planning for a more secure financial future by adding tax-efficient assets, such as cash value life insurance, to your retirement portfolio. Cash value life insurance offers more than death benefit protection and can enhance a well-rounded retirement portfolio. It could help you accumulate savings on a tax-deferred basis. When you want to take retirement income, you can have a tax-efficient financial resource by taking income tax-free loans or withdrawals from your policy.²

Today, your retirement portfolio is probably a mix of assets that fall into three categories, or buckets:

- 1 Tax-deferred contributions**, which are pretax dollars invested in IRAs, and employer-sponsored plans, such as a 401(k). The challenge is that you have contribution limits.
- 2 Taxable investments**, which are after-tax dollars invested in stocks, bonds, mutual funds, and other investments in your retirement portfolio. There are no contribution limits.
- 3 Tax-advantaged investments**, which are after-tax dollars invested in municipal bonds or Roth IRAs. If your modified adjusted gross income (MAGI) exceeds \$137,000 (\$203,000 if filing jointly), you are ineligible for a Roth.

You save for retirement.



How taxes may affect your income if you retire:

Before age 59½	After age 59½	At age 62	At age 65	At age 70½
You pay ordinary income tax and a 10% penalty. ⁴	Your tax-deferred assets become taxable when withdrawn.	85% of your Social Security benefits are taxed if you have too much MAGI. ⁵	Your Medicare Part B costs could increase to \$433.40/month if you have too much MAGI. ⁶	You must take required minimum distributions, from tax-deferred assets which adds to your tax exposure.

Sources: Tax Foundation, "2018 Tax Brackets (Updated)," FISCAL FACT, No. 567, <https://files.taxfoundation.org/20180103145945/Tax-Foundation-FF567-Updated.pdf>, January 2, 2018; "Medicare 2018 Costs at a Glance," [Medicare.gov](http://www.Medicare.gov); U.S. Social Security Administration, www.SSA.gov; Centers for Medicare & Medicaid Services, [CMS.gov](http://www.CMS.gov).

¹ Lincoln Financial Group, "2017 Consumer Tax Study," http://newsroom.lfg.com/sites/lfq.newshq.businesswire.com/files/doc_library/file/Lincoln_Financial_Group_2017_Consumer_Tax_Study.pdf, January 2, 2018.

² Income tax-free loans and withdrawals will reduce the policy's cash value and death benefit. See the following page for important information regarding loans and withdrawals.

2019 tax law changes.⁷ Start planning now to help protect your retirement income from taxes.

Tax provision	If your taxable income is over		
	Single filers	Joint filers	2019 top tax rate
Income tax	\$510,300	\$612,350	37%
Medicare payroll tax: additional tax on unearned income	\$200,000	\$250,000	0.9%
Capital gains tax: long-term capital gains and qualified dividends	\$434,550	\$488,850	20%
Unearned income Medicare contribution tax (UIMCT): applies to realized investment income and gains	\$200,000	\$250,000	3.8%
Itemized deductions: reduces Schedule A deductions by up to 80%	Suspended until January 1, 2026		
Personal exemptions: phaseout \$4,150/personal tax exemption	Suspended until January 1, 2026		
Child tax credit	\$2,000	\$2,000	Phaseout begins at \$200,000 for single taxpayer and \$400,000 for married filing jointly
Social Security benefits	\$34,000	\$44,000	Up to 85% is treated as ordinary income

Your Medicare premiums could triple

Medicare premiums are also affected by the amount of income you have. As your income increases, so do those premiums. Premiums can increase to \$433.40 per month for single filers with income over \$160,000, or for joint filers with income over \$320,000. This amount is \$460.50 for single taxpayers with income above \$500,000, or for joint filers with income above \$750,000.

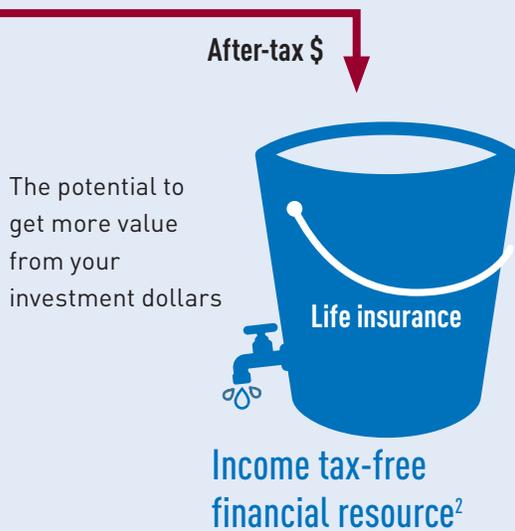
Plan for a tax-efficient retirement with Lincoln cash value life insurance.

Add Lincoln life insurance to your portfolio to help protect your savings and gain these advantages:

- ✓ An income tax-free death benefit for your beneficiaries
- ✓ Tax-deferred growth opportunities
- ✓ An income tax-free financial resource for retirement³
- ✓ No penalties for cash values taken before age 59½

No matter when you retire, you can take income through policy loans and withdrawals without affecting your:

- ✓ Income tax bracket
- ✓ Medicare premiums
- ✓ Social Security tax
- ✓ Capital gains
- ✓ MAGI



What cash value life insurance could do for you when you retire:

Before age 59½	After age 59½	At age 62	At age 65	At age 70½
You have income tax-free distributions without penalties. ²	You could access income tax-free funds ²	There's no effect on your Social Security benefits.	There's no effect on Medicare Part B premiums.	You are not required to take minimum distributions.

³Income tax-free subject to certain requirements. Could affect modified adjusted gross income.

⁴The 10% penalty is applicable for withdrawals from qualified plan and IRA accounts before age 59½.

⁵Individuals with MAGI above \$34,000; \$44,000 filing jointly.

⁶Individuals with MAGI above \$160,000; \$320,000 filing jointly.

⁷Source: Internal Revenue Bulletin 2018-49, December 3, 2018, REV. Proc 2018-57

Put Lincoln Financial
to work for you.

Lincoln Financial Group provides solutions that help empower people to take charge of their financial lives with confidence and optimism. Today, more than 17 million customers trust our retirement and insurance solutions to help address their lifestyle, savings and income goals, as well as to guard against long-term care expenses.

Take charge of your future

Ask a financial professional how Lincoln cash value life insurance could enhance your retirement strategy.

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Distributions are taken through loans and withdrawals, which reduce a policy's cash value and death benefit and may cause the policy to lapse. Loans are not considered income and are tax-free. Withdrawals and surrenders are tax-free up to your cost basis, provided your policy is not a modified endowment contract (MEC). A MEC policy is one in which the life insurance limits exceed certain high levels of premium or the cumulative premium payments exceed certain amounts specified under the Internal Revenue Code. For policies that are MECs, distributions during the life of the insured, including loans, are first treated as taxable to the extent of income in the contract, and an additional 10% federal income tax may apply for withdrawals made prior to age 59½.

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