FOR LIFE

Product Reference Guide

Lincoln VUL^ONE **(2014)**

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Lincoln VUL^{ONE} 2014
Product Reference Guide
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Lincoln VUL^ONE 2014 Product Information

Lincoln VUL^ONE 2014 with the Optimal No-Lapse Enhancement (ONE) Rider is a flexible premium variable universal life insurance policy offering a lifetime guaranteed death benefit with market driven growth potential. It combines the no-lapse benefits of a universal life policy with the investment flexibility of a variable policy.

Summary of Changes from *Lincoln VUL^ONE* 2012 to *Lincoln VUL^ONE* 2014:

- Pricing refresh – guaranteed premium, targets, current account charges
- Offering Simplified Issue and Guaranteed Issue Underwriting
- Guaranteed Minimum Death Benefit (GMDB) will equal Initial Specified Amount; remove ability to dial-in 70%-100%
- Added the Premium Relief Feature to minimize the possible reductions in the duration of lapse protection due to the timing of premium payments
- Overloan Protection Rider not available with CVAT
- In addition to the ONE Rider requirement for Automatic Rebalancing, the use of money-market Sub-Account limited to:
  - During the Free-look period if state requires return of premium
  - As an account from which to transfer funds for the DCA Program

The life insurance component of *Lincoln VUL^ONE* 2014 provides the policy owner with the primary value of the product: protection from loss due to premature death. Tax deferred accumulation potential and access to the accumulation value are added benefits. *Lincoln VUL^ONE* 2014 has a flexible death benefit guarantee, the ONE Rider, which is automatically issued with the policy.

There are several benefits, in addition to the Optimal No-Lapse Enhancement Rider, offered with *Lincoln VUL^ONE* 2014 (all features not available in all states and state variations apply):

- *Elite Series of Funds* with variable investment options and one fixed account. See prospectus for details.
- Strong guarantees with performance rewards.
- Guaranteed M&E structure and persistency bonus.
- Preferred underwriting through age 80.
- Guaranteed loan spread in all years, including zero net-cost loans in years 11+.
- Supplemental coverage options including the Overloan Protection Rider, Premium Reserve Rider, *Lincoln LifeEnhance*^SM Accelerated Benefits Rider and more.

When presenting a *Lincoln VUL^ONE* 2014 proposal:

- Always provide current product and fund prospectuses before or at the time of presentation.
- Never alter the format or content of the system generated proposal in any way. The proposal has been filed, as is, with the appropriate regulators.
- Always obtain all the required signatures on any proposal that is used to affect a *Lincoln VUL^ONE* 2014 sale.

Optimal No-Lapse Enhancement (ONE) Rider – Key Features

The policy automatically includes the **Optimal No-Lapse Enhancement (ONE) Rider**. With timely payment of planned premiums, the ONE Rider guarantees death benefit coverage regardless of investment performance, current expense charges or costs of insurance. The ONE Rider integrates seamlessly with the Continuation of Insurance (also known as Extended Maturity) in the policy to provide the opportunity for lifetime death benefit coverage, no matter how long your client lives. The extended maturity provision extends the full net death benefit.

Death benefit protection is guaranteed based on a shadow account design. There are two shadow accounts – the No-Lapse Value Account and the Reset Account Value – that are calculated monthly based on an alternate set of expense and interest assumptions. With *Lincoln VUL^{ONE}* 2014, the Death Benefit will continue as long as the either (or both) No-Lapse Value or the Reset Account Value, minus indebtedness, is greater than zero, even if the actual policy accumulation value is insufficient.

- **No-Lapse Value**

  With timely payment of planned premiums, the ONE rider assures that the death benefit under the policy will remain in force regardless of investment option performance or actual policy accumulation value as long as the No-Lapse Value, less indebtedness, is greater than zero. The No-Lapse Value (NLV) is one of the shadow account tests behind the no-lapse protection.

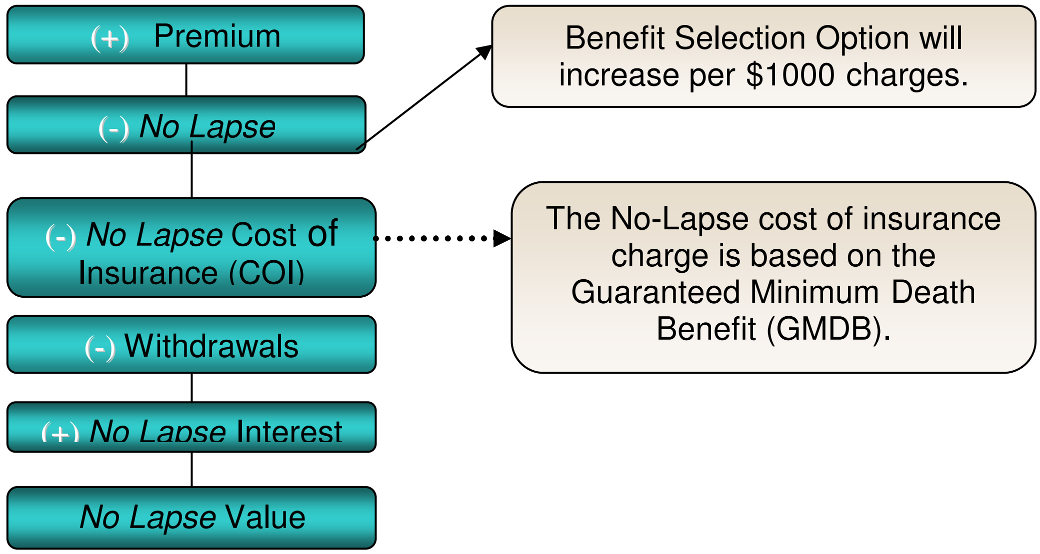
  The NLV is an alternate account value calculated in a manner similar to the policy accumulation value each month, but using an alternate set of assumptions for interest, expenses and costs of insurance. It is a reference value only, used to determine whether or not the guaranteed death benefit continues. It is not available for loans, withdrawals or surrender value.

  The NLV provides a Guaranteed Minimum Death Benefit (GMDB) equal to 100% of the initial specified amount.

  Figure 1 which follows shows how the No-Lapse Value calculation works.

  The Benefit Selection Option allows the clients to reduce the cost of their policy's death benefit by reducing certain charges deducted from the policy. If clients elect this option, the level death benefit guarantees under the Optimal No-Lapse Enhancement (ONE) Rider is also reduced. This gives them a larger accumulation value to be allocated to the investment options and Fixed Account.

Figure 1: How ONE Rider No-Lapse Value is Calculated



- **Reset Account Value**

The second Death Benefit guarantee test is based on the Reset Account Value (RAV) provision. The RAV feature captures the upside potential of variable universal life in the guarantee. Like the NLV, the RAV is an alternate account value calculated in a manner similar to the policy accumulation value each month, but using an alternate set of assumptions for interest, expenses and costs of insurance. As long as the RAV, minus indebtedness, is greater than zero, the policy will stay in force even if the actual policy Net Accumulation Value is insufficient. The RAV is a reference value only, used to determine whether or not the guaranteed death benefit continues. It is not available for loans, withdrawals or surrender value.

The RAV provides a Death Benefit guarantee for the lesser of the Initial Specified Amount or Current Specified Amount.

It is called the Reset Account Value, because it captures positive investment returns. On each policy anniversary, we will compare the actual Accumulation Value under the policy to the Reset Account Value. The RAV will be reset to the greater of:

1) The Reset Account Value on that day, or
2) The Accumulation Value on that same day.

If the Reset Account Value is adjusted upward, the length of the guarantee will be extended accordingly. Once the Reset Account Value is adjusted upward, it cannot be reduced if the next year's investment performance is poor. This reset feature only works in your client's favor.

- **Cash Value Performance Rewards**

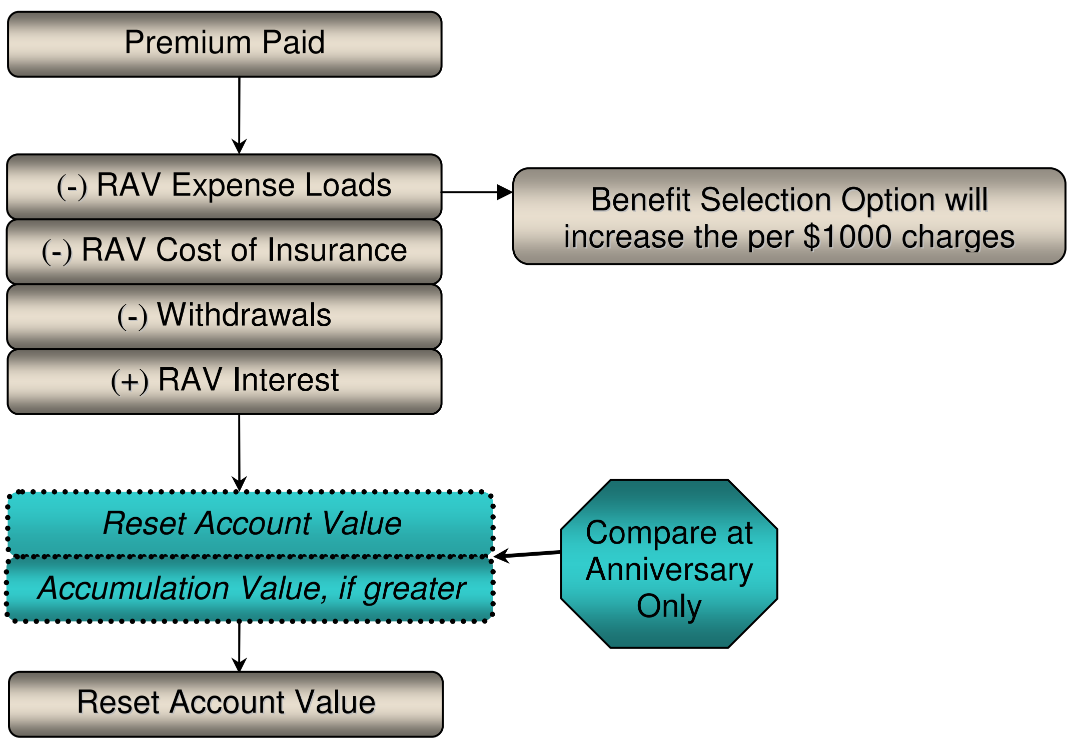
  The ONE Rider's Reset Account Value features can provide for greater protection based on how the cash value in the policy grows over time. The greater the cash value growth, the more likely the guarantee will be improved.

  If planned premiums support a lifetime guarantee, the client may be able to stop paying premiums, as well as access the excess value not needed to maintain the guarantee.

  If the planned premiums do not support a lifetime guaranteed death benefit, the guarantee duration may be extended.

  This improvement in guarantee is based on the policy reaching a pre-determined Net Accumulation Value threshold as shown in the illustration with an "@" sign. This threshold is the point at which the policy becomes guaranteed to age 121 in that year with no further premiums required. Any excess value above this threshold may be transferred to the Premium Reserve Rider and withdrawn with no impact to the guarantee. The Premium Reserve Rider is included automatically with the policy in states where approved.

Figure 2: How ONE Rider Reset Account Value is Calculated



Optimal No-Lapse Enhancement (ONE) Rider

No-Lapse Value Duration and Guaranteed Minimum Death Benefit (GMDB)

Using the illustration system, the premium needed to maintain the lapse protection for the desired time period can be determined. The rider can be in effect to age 121. It integrates seamlessly with the Continuation of Insurance (also known as Extended Maturity) in the policy to provide the opportunity for lifetime death benefit coverage, no matter how long your client lives. The No-Lapse Value (NLV) and the duration of the lapse protection are impacted by planned premiums. This gives the client greater control over the factors influencing the no-lapse protection.

The No-Lapse Factors (i.e. cost of insurance charges) are deducted monthly from the NLV and will be based on the Death Benefit protected. Remember the NLV is one test of the no-lapse protection. As long as the NLV is positive, the policy will not lapse.

On *Lincoln VUL*^{ONE} 2014, the client cannot elect to guarantee less than 100% of the initial Specified Amount.

Allocation Requirements

Because of the importance of preserving the intended investment allocations within the policy, the client **<u>must</u> maintain quarterly Automatic Rebalancing** for the rider to be in effect. In addition, **use of the money market Sub-account is limited** to during the Free-look period if state requires return of premium or as an account from which to transfer funds for the DCA Program. If either of these requirements are not met, the rider and its protection will be terminated.

Unlike other carriers, Lincoln does not require policy owners to invest in a specific allocation model or lifestyle fund to maintain the No-Lapse Enhancement Rider. Lincoln does reserve the right to restrict allocation to certain sub-accounts or the Fixed Account to a maximum of 20% to keep this rider in effect. If Lincoln imposes this restriction in the future, policy owners still retain the control and flexibility to invest in the restricted sub-account or the Fixed Account up to the maximum 20% and to determine their overall asset allocation strategy. Currently, Lincoln is not imposing any restrictions. The decision to enforce this restriction will be based on an annual review of the separate account investments of all owners of this product. All policy owners within that block-of-business would then be notified of the restriction, the specific fund, and the action required.

Changes Impacting the No-Lapse Guarantee

The No-Lapse Value (NLV) and Reset Account Value (RAV) are the basis for the no-lapse guarantee. Like any fund value calculation, premiums and interest increase the NLV and RAV while cost of insurance and expense charges reduce its value. With the NLV and RAV, however, the assumptions for the cost of insurance, interest credited, and expense charges are different than the current or primary guaranteed assumptions under the policy. The no-lapse rider assumptions are described above in the No-Lapse Value and Reset Account Value section. If the client exercises any rights under the policy that would impact the NLV and RAV, the length of the no-lapse guarantee will also be impacted.

Decreases in premium, paying late, increasing the specified amount, changing the death benefit option, and taking loans or withdrawals will all reduce the NLV and RAV and will shorten the length of the guarantee. Basically, after issue, if the illustration design does not occur as planned due to changing needs and circumstances, the period for which no-lapse guarantee will be in effect will be adjusted.

There are no restrictions on the client's ability to exercise any of the rights under the policy, but it is important to note that these actions will have an impact on the no-lapse guarantee.

Optimal No-Lapse Enhancement (ONE) Rider (continued)

Premium Relief Feature

The ONE Rider includes a Premium Relief Feature to minimize the possible reduction in the duration of lapse protection due to the timing of premium payments. For the purpose of determining the duration of guaranteed life insurance protection:

- Any premium received during the current month is treated as though it was received at the beginning of the policy month.
- Any premium received in the policy month prior to a decrease in the ONE Rider premium load will be charged the lower rate.

For purposes of calculating policy values, all premiums are credited as of the date received.

Death Benefit Proceeds under the ONE Rider

Death Benefit proceeds will vary depending on which value is keeping the policy in force. If only the NLV, minus indebtedness, is positive and is carrying the policy, the Death Benefit proceeds will be based on the Guaranteed Minimum Death Benefit in effect. If only the Reset Account Value is positive and is carrying the policy, the Death Benefit proceeds will be based on the lesser of:

a) Initial or current Specified Amount

b) RAV time corridor

If the ONE Rider is not preventing lapse, the Death Benefit proceeds will be based on the Death Benefit in effect under the policy, including any corridor benefit. If more than one value is positive, the Death Benefit proceeds will be based on the greatest of the Death Benefit amounts in force.

Summary Key One Rider Features

- **Cash Value Performance Rewards –** The Reset Account Value captures the upside potential of variable universal life in the guarantee. On each policy anniversary, we will compare the Net Accumulation Value under the policy to the Reset Account Value and adjust the Reset Account Value to the greater of:

  1. The Reset Account Value, minus indebtedness, on that day; or
  2. The Accumulation Value, minus indebtedness, on that day.

  If the Reset Account Value is adjusted upward, the length of the guarantee will be extended accordingly. Once the Reset Account Value is reset, it cannot be reduced if investment performance is poor. This reset feature only works in your client's favor.

  When the Accumulation Value exceeds a predetermined, paid-up threshold, the lesser of the initial or current death benefit becomes fully guaranteed to policy maturity without any further required premiums. This is shown in the illustration with a "@" sign next to the year Accumulation Value exceeds the paid-up threshold.

- **Flexible Asset Allocation – Access to the Elite Series of Funds -** Because of the importance of preserving the intended investment allocations within the policy, quarterly automatic rebalancing is required. In addition, use of the money market Sub-account is limited to during the Free-look period if state requires return of premium or as an account from which to transfer funds for the DCA Program.

- **Flexible Guarantee Periods –** The client can choose to guarantee the death benefit to any age or policy year. They can change the length of the guarantee period at any time, without underwriting or forms by paying more or less premium.

- **Take Loans, Withdrawals or Change Death Benefit Options –** Taking loans, withdrawals or changing death benefit options will likely shorten the guarantee, but these common policy changes do not terminate the ONE Rider.

- **Skip Premiums –** If, for any reason, premium payments are less than originally planned or not paid on time, the full guarantee is not forfeited – the length of the guarantee merely shortens.

- **Catch-up ONE Rider premiums –** Each year, your annual statement will notify your client whether the ONE Rider was in effect based on premium. To restore the original length, catch-up premiums are allowed at any time. The catch-up premium required will be somewhat higher than the originally planned if the original payment schedule had been met. The catch-up premium can be paid in any desired fashion: lump-sum, increase in annual premium, or increase over a short period of time. You can work with your client to come up with the optimal solution.

Available Riders/Benefits

Accelerated Death Benefit Rider (with critical illness coverage):
The Accelerated Benefits Rider provides the assurance that the policy will pay a portion of the death benefit upon the occurrence of one of the three qualifying events. They include:

- The occurrence of a specified critical illness or condition,
- Being permanently confined to a nursing home, and
- Being diagnosed as terminally ill (life expectancy of 12 months or less).

Accelerated benefits are cumulative and can be no more than 5% for critical illness, 40% for required nursing home relocation and 50% for a terminal illness. The maximum cumulative amount of benefit that can be received (for nursing home, terminal illness, and critical illness costs combined) is $250,000.

The maximum payable for critical illness is the lesser of $25,000 or 5% of the death benefit. The critical illness benefit is payable for only one of the following critical illnesses:

- Heart attack
- Stroke
- Life-threatening cancer
- End-stage renal failure
- Major organ transplant
- Permanent paralysis
- Alzheimer's disease.

May NOT be added after issue. Available with Full or Simplified Underwriting. Available on cases rated up to Table D.
A policy may only have one accelerated benefits rider at a time.
There is a one-time charge at the time of acceleration.
There is no charge if the rider is never exercised.

Accelerated Death Benefit Rider (without critical illness coverage):
The Accelerated Benefits Rider provides the assurance that the policy will pay a portion of the death benefit upon the occurrence of one of two qualifying events. They include:

- Being permanently confined to a nursing home, or
- Being diagnosed as terminally ill (life expectancy of 12 months or less).

Accelerated benefits are cumulative and can be no more than 40% for required nursing home relocation and 50% for a terminal illness. The maximum cumulative amount of benefit that can be received (for nursing home and terminal illness costs combined) is $250,000.

This rider may be added after issue. Available with Full or Simplified Underwriting. It is also available on policies rated Table D and higher.
A policy may only have one accelerated benefits rider at a time.
There is a one-time charge at the time of acceleration.
There is no charge if the rider is never exercised.

Lincoln LifeEnhance® Accelerated Benefits Rider:

The *Lincoln LifeEnhance* Accelerated Benefits Rider provides the assurance that the policy will pay a portion of the eligible death benefit upon the occurrence of one of the following qualifying events:

- The insured is diagnosed as being chronically ill; or
- The insured is diagnosed as terminally ill (life expectancy of 12 months or less).

To be considered chronically ill, the insured must be:

- unable to perform 2 out of 6 Activities or Daily Living* for at least 90 days, **or**
- must require substantial assistance from another individual due to severe cognitive impairment; **and**
- **services are expected to be needed for the remainder of the insured's life**.

* Activities of daily living include: bathing, continence, dressing, eating, toileting and transferring.

	Chronic Illness	Terminal Illness
Maximum acceleration amount	Up to 100% of the gross death benefit at the time of the original acceleration claim.	The lesser of 50% of the gross death benefit or $250,000
Payment method	The gross death benefit is used to determine the Original Benefit Amount. Monthly benefit based on the lower of 2% of the Original Benefit Amount at the time of claim or the IRS per diem limit times the number of days in the month; or One-time lump sum multiplied by a discount factor which will terminate the policy upon payment.	One time lump sum
	Benefit payments for chronic illness and terminal illness may be concurrent.	

The rider may not be added after issue and is available up to Table D. The policy may be issued but the rider declined. See the separate *Lincoln LifeEnhance®* Accelerated Benefits Rider Reference Guide for complete details. There is an additional charge for this rider.

Change of Insured Benefit (Substitute Life) Rider:

The Change of Insured Benefit Rider, commonly known as the Substitute Life Rider, entitles a policy owner to substitute a new insured in place of the current insured before the original insured's age 65 under the policy. This means that the owner of a corporation may take out a life insurance policy on a key employee and transfer the coverage to another employee who takes that employee's place when he or she terminates employment.

Using the Change of Insured Benefit Rider, the new employee will become the insured, provided that satisfactory evidence of insurability is given to Lincoln. Upon underwriting approval:

- The Date of Issue will be the same date as the original Date of Issue
- The Specified Amount and the Death Benefit Option on the life of the new insured will be the same as on the substitution date
- The Specified Amount may be subject to upward adjustment if required by the Internal Revenue Code to keep the policy from becoming a MEC
- The Accumulation Value of the policy will be the same as the then current Accumulation Value on the date of substitution less the Monthly Deduction for the policy month following the substitution date and any charges for making the substitution
- A new planned premium may be necessary to keep the policy in force because of any difference in age, sex or class between the original insured and the new insured.
- The new policy will include a new schedule of Surrender Charges based on the new insured's attained age, the issue year of the policy and any differences in coverage amount

The Change of Insured Benefit Rider may be used in non-business situations as long as there is an insurable interest. The rider may be added at any time.

Enhanced Surrender Value Rider:

The Enhanced Surrender Value Rider, available for an additional cost, allows the policy owner to report greater assets on their balance sheet reflecting the total value of the coverage. The early years of a life insurance policy typically hold the least available cash surrender value. This could be critical if when considering long-term goals. With this rider, a separate enhanced value is calculated in the first five years of the policy. This enhanced value helps offset potential liabilities that could negatively affect the balance sheet. It can also help trustees reflect total assets.

The Enhanced Surrender Value Rider must be elected when the policy is issued. Special requirements apply. As part of the underwriting process, the agent will need to include a statement vouching for the persistency of the business and describe the need for the rider. We reserve the right to refuse the rider in a case where the Company deems there is a persistency risk. Sample needs would include business scenarios, trust cases, or cases where there is a balance sheet benefit to showing the higher value of the life insurance policy (asset).

Inclusion of the Enhanced Surrender Value Rider will require semi-heaped or levelized compensation. Available with Full, Simplified or Guaranteed Issue Underwriting.

Overloan Protection Rider (OPR):

The Overloan Protection Rider allows the policy owner to supplement their retirement income by taking the maximum amount of policy loans while a death benefit remains secure, even if the account value decreases due to poor performance of the selected investment options. The OPR guarantees the policy will not lapse if the policy owner "overloans" the policy.

This rider is automatically included when the policy is issued. The rider prevents the policy from lapsing, thus keeping a death benefit in place and avoiding a taxable event for the policy owner. Once exercised, the rider freezes the policy, which prevents additional charges from being assessed. A one-time charge – a percentage of the gross policy value, guaranteed not to exceed 5% of the then current Accumulation Value – is not taken when the rider is issued, but charged when the rider is exercised. There is no charge if the rider is never exercised.

If the policy meets the following conditions, the policy owner will be notified and will have the option of exercising the rider.

- The sum of the cost of three monthly deductions and the charge for this rider must exceed the surrender value, and the net accumulation value must be sufficient to pay the charge for this rider.
- Insured must be at least 65 years of age.
- The policy must be in-force for at least 15 years.
- The policy must not be a Modified Endowment Contract (MEC) as defined by the Technical and Miscellaneous Revenue Act of 1988.
- The indebtedness must be greater than the specified amount as of the election effective date.
- The policy owner irrevocably elects, in writing, the OPR. The effective date of the election will be the next monthly anniversary.

Once the OPR is elected, the policy will be impacted in the following ways.

- The Death Benefit Option in effect under the policy will be Death Benefit Option 1.
- The amount of death benefit proceeds will be no less than the minimum specified in the rider.
- All other riders will be terminated.
- No additional premiums payments will be accepted.
- No additional policy loans or withdrawals may be taken.
- The variable account value, if any, will be transferred to the Fixed Account as of the election effective date. This transfer will not be subject to any limitations that may otherwise be in effect and will not be assessed a charge. No further transfers will be allowed, and Automatic Rebalancing will end.
- No further increases or decreases will be allowed.
- No additional monthly charges will be taken.

Overloan Protection Rider (OPR)(continued):

The Overloan Protection Rider is limited in scope; it does not provide any additional death benefit or any increase in account value. It also does not provide any performance guarantee related to the selected investment options.
Available with Full, Simplified or Guaranteed Issue Underwriting.

Overloan Protection Rider is not allowed with the Cash Value Accumulation Test (CVAT).

Premium Deposit Fund:

The Premium Deposit Fund (PDF) allows the policy owner to provide in advance for payment of future premiums up to ten years. This will help to avoid the policy from becoming a Modified Endowment Contract due to the 7702A premium limitations.

Minimum Deposit:	$250
Maximum Deposit:	10 times annual premium

Interest is credited to the fund at a declared rate (1% guaranteed) and is taxable annually. Annual premiums for years 2-10 are paid automatically from the Premium Deposit Fund into the policy. Deposits into the PDF are not commissionable but commissions will be paid when the money is transferred into the policy as premium. Loans are not permitted.

Premium Reserve Rider:

In approved states, the Premium Reserve Rider is automatically included when the policy is issued. This rider allows you to pay premiums in addition to those you pay for your policy and have these amounts accumulate in the same manner as the policy without being subject to all charges and expenses of your policy. In addition, this rider works with the ONE Rider to allow you to access the excess value not needed to maintain the guarantee. If an "@" is shown next to the "Net Accumulation Value" column indicating that the policy has become guaranteed to age 121 in that year with no further premiums required, any excess value above this Net Accumulation Value threshold may be transferred from the policy to the PRR and withdrawn with no impact to the ONE Rider's guarantees.

If clients take policy loans or withdrawals from their policy, these are deducted first from the Premium Reserve Rider account value, which allows them to take money from their policy without having it negatively impact the specified amount. Remember that loans and withdrawals reduce the policy's account value and death benefit, and may affect guarantees, cause policy lapse, or have tax consequences. The Premium Reserve Rider account value is added the death benefit proceeds beneficiaries receive.

It is important that clients fund their policies appropriately. But, if the Premium Reserve Rider account value is needed to keep the policy in-force, Lincoln will automatically transfer it to the policy's account value and terminate the rider.

The Premium Reserve Rider is subject to certain fees and account credits:

- Asset management fee, Fixed Account asset charge and interest crediting, loan interest charge and crediting, and mortality and expense risk charges (M&E) also apply to the appropriate Premium Reserve Rider assets.
- Premium load (10% in years 1-5; 6% in years 6-10; 3% in years 11+.) is assessed against premium directed to the Premium Reserve Rider.
- Persistency bonus also applies to any Premium Reserve Rider net accumulation value.

Available with Full or Simplified Underwriting.

Waiver of Monthly Deductions (WMD) Rider:

The Waiver of Monthly Deductions Rider is a disability benefit that provides for the cost of insurance charges and expenses to be waived when the insured becomes totally disabled. For the benefit to become payable, the insured must be totally disabled for six continuous months. Any monthly deductions taken from the fund value during this six-month period are restored to the policy, not refunded to the policy owner. The rider expires when the insured reaches age 65. There is an additional monthly cost for this rider based on attained age and sex.

Issue Ages:	5-55
Amount of Coverage:	If employed at the time applying for coverage, the insured may waive monthly deductions for up to a $3,500,000 face amount. If unemployed, the insured may waive monthly deductions for up to a $150,000 face amount. Note: “Unemployed" includes students.

Benefit Selection Option:

This option allows the clients to reduce the cost of their policy’s death benefit by reducing certain charges deducted from the policy. If clients elect this option, the level death benefit guarantees under the Optimal No-Lapse Enhancement (ONE) Rider is also reduced. This gives them a larger accumulation value to be allocated to the investment options and Fixed Account. The Benefit Selection Option creates a way to help risk-tolerant clients trade reduced guarantees for more upside growth potential in their account value. To include this option, clients must elect it at issue and may not change or terminate their election. A personalized policy illustration will show the impact that selecting this option will have on the policy, rider benefits, and costs. If the option is elected, target premiums are also reduced.

Lincoln VUL^{ONE} 2014 Product Summary[1]

Class of Business:	An individual Variable Universal Life insurance product which offers flexible lifetime guarantees without investment restrictions, along with the potential to eliminate premiums through upside account value growth via the Cash Value Performance Rewards.
Issue Ages and Underwriting Classes Full Underwriting:	Preferred Plus (20 – 80) Preferred Non-Tobacco (20 – 80) Standard Non-Tobacco (15 – 85) Preferred Tobacco (20 – 80) Standard Tobacco (15-85) Age basis is Age Nearest Birthday.
Simplified Issue Ages and Underwriting Classes:	Standard Non-Tobacco (20-70) Standard Tobacco (20-70) Age basis is Age Nearest Birthday.
Guaranteed Issue Ages and Underwriting Classes:	Standard Non-Tobacco (20-70) Standard Tobacco (20-70) Age basis is Age Nearest Birthday.
Death Benefit:	**Option 1:** Level Death Benefit (specified amount less any policy indebtedness) **Option 2:** Increasing Death Benefit by return of accumulation value (specified amount plus accumulation value less any policy indebtedness) Only changes from DBO 2 to 1 are allowed.
IRS Qualification Tests:	Guideline Premium Test (GPT) or Cash Value Accumulation Test (CVAT)
Coverage Period:	As long as the net accumulation value is positive or the policy is in force due to the Optimal No-Lapse Enhancement (ONE) Rider at the insured's age 121, the death benefit in effect will be held and paid to the beneficiary at death. At age 121, all funds in the variable sub-accounts are moved to the fixed account, except in Florida where funds remain in the Variable Accounts. Interest will continue to be credited at the fixed account's guaranteed rate, and the death benefit remains at the age 121 level until the claim is paid. Funds in the fixed account are subject to the Fixed Account credited rate. In Florida, funds in the Variable Accounts are subject to Mortality and Expense charges. Loan interest will continue to accrue.
Minimum Face Amount:	$100,000 Full Underwriting/Simplified Issue; Guaranteed Issue: $25,000
Maximum Face Amount:	Subject to underwriting approval. Simplified Issue/Guaranteed Issue Maximum: $5,000,000 including increases
Minimum Face Amount Increase:	$1,000
Premium Requirements:	The owner may choose the amount and frequency of premium payments provided that sufficient premiums are paid to keep the policy in force. The client must maintain a positive accumulation value unless coverage is being provided via the Optimal No-Lapse Enhancement Rider. Additional premiums paid above the planned premium must be at least $100.

[1]Product and features subject to state availability. State variations may apply.

Premium Deductions:	There is a guaranteed premium load of 10% in years 1-5; 6% in years 6-10; 3% in years 11+. In PA, 8% in years 1-20 and 0% thereafter.
Charges and Fees (see details in narrative below):	• Monthly charge per $1,000 of the Initial Specified Amount for the first 10 policy years and any increase in Specified Amount for 10 policy years after the increase. • Guaranteed $15 monthly charge for administrative expenses in all years. • Monthly cost of insurance charge. (Guaranteed 2001 CSO) • Guaranteed Mortality and Expense risk charge (M&E): Current: .90% years 1-10; and .20% years 11-20, 0% in years 21+; Guaranteed: .90% years 1-10; and .20% years 11+. • Daily asset management fee charge: (varies by variable investment option selected).
Persistency Bonus:	• Monthly net accumulation value-based credit. Applies to both the Fixed Account and Variable Sub-accounts. • Years 21+: Guaranteed 0.15% annual effective rate.
Policy Loans:	• Loans: Guaranteed charged rate: 6.0% annual policy loan rate charged in all years. Guaranteed credited rate: 5.00% in policy years 1-10 and 6% thereafter. • $500 minimum loan value. • Guaranteed loan spread of 1% in years 1-10 and 0% thereafter.
Surrenders and Withdrawals:	• Full policy surrenders are allowed. Surrender charge period: 15 years and 15 years after any increase in face amount. • Partial withdrawals may be made at any time and permanently reduce the accumulation value and for Death Benefit Option-I, death benefit amount if the contract is not in corridor. If the contract is in corridor when the withdrawal is processed, the specified amount will be reduced by the difference between the gross withdrawal processed and the amount in corridor, if any. The amount of a partial withdrawal may not exceed 90% of the surrender value of the policy as of the date of the request and may not be less than $500. The specified death benefit amount remaining in force after a partial withdrawal may not be less than $100,000. There is no charge for partial withdrawals. • Partial withdrawals will be taken on a pro-rata basis from sub-accounts and the fixed account. • For the first 10 policy years or the first 10 years following an increase in face amount, there is no charge for specified amount decreases up to 25% of the initial specified amount. For decreases in excess of 25%, a pro-rata specified amount decrease charge will be assessed.
Optimal No-Lapse Enhancement Rider:	As long as the policy is appropriately funded, the Optimal No-Lapse Enhancement (ONE) Rider assures that the death benefit coverage under the policy will remain in-force regardless of investment option performance or actual policy accumulation value as long as the No-Lapse Value, less indebtedness or Reset Account Value, less indebtedness, is greater than zero. There are two shadow accounts behind the no-lapse protection – the No-Lapse Value (NLV) and the Reset Account Value (RAV). The NLV is an alternate account value calculated in a manner similar to the policy accumulation value each month, but using an alternate set of assumptions for interest, expenses and costs of insurance. It is a reference value only, used to determine whether or not the guaranteed death benefit continues. It is not available for loans, withdrawals or surrender value. The Guaranteed Minimum Death Benefit (GMDB) is 100% of the initial specified amount.

Optimal No-Lapse Enhancement Rider (continued):

The second Death Benefit guarantee test is based on the Reset Account Value (RAV) provision. It is an alternate account value calculated in a manner similar to the policy accumulation value each month, but using an alternate set of assumptions for interest, expenses and costs of insurance. As long as the RAV, minus indebtedness, is greater than zero, the policy will stay in-force even if the actual policy Net Accumulation Value is insufficient. It is a reference value only, used to determine whether or not the guaranteed death benefit continues. It is not available for loans, withdrawals or surrender value.

The RAV provides a Death Benefit guarantee for the lesser of the initial or current Specified Amount.

The RAV includes a cash value performance reward feature. On each policy anniversary, we will compare the actual Accumulation Value under the policy to the Reset Account Value. The RAV will be reset to the greater of:

1. The Reset Account Value on that day, or
2. The Accumulation Value on that same day.

When the Accumulation Value exceeds a predetermined, paid-up threshold, the lesser of the initial or current death benefit becomes fully guaranteed to policy maturity without any further required premiums. This is shown in the illustration with a "@" sign next to the year the Accumulation Value exceeds the paid-up threshold. This rider is automatically issued with the policy. In Maryland, the Guaranteed Minimum Death Benefit is known as No-Lapse Death Benefit.

Investment Options:

Elite Series of funds with variable investment options and one fixed account. See prospectus for details.

Quarterly Automatic Rebalancing is included at issue and must be maintained throughout the life of the policy for the Optimal No-Lapse Enhancement Rider to be in effect. In addition, use of the money market Sub-account is limited to during the Free-look period if state requires return of premium or as an account from which to transfer funds for the DCA Program. Dollar Cost Averaging is available until the first policy anniversary only. See Detailed Product Information for details on the investment options and Automatic Rebalancing and the Optimal No-Lapse Enhancement Rider.

Fixed Account Interest Crediting:

Guaranteed minimum effective annual rate: 1.0%

Optional Supplementary Coverages

- Accelerated Death Benefit Rider (with critical illness)**,[4]
- Accelerated Death Benefit Rider (without critical illness)** ,[4]
- Benefit Selection Option[1]
- Change of Insured Rider * ,[4]
- Enhanced Surrender Value Rider*,[4,5]
- *Lincoln LifeEnhance®* Accelerated Benefits Rider (subject to availability) *
- Overloan Protection Rider (included automatically)**, [3,4,5]
- Premium Deposit Fund
- Premium Reserve Rider(included automatically in approved states)[2,4]
- Waiver of Monthly Deductions Rider*

* Additional charge applies
**There is a one-time charge if this benefit is exercised
[1] Selection of the Benefit Selection Option can affect the cost of some aspects of the policy and its riders.
[2] Subject to certain fees and credits if premiums directed to this rider.
[3] Not available with CVAT
[4] Available with Simplified Issue
[5] Available with Guaranteed Issue

Policy Charges, Fees and Deductions

Deductions from Premiums: There is a premium load that is deducted from all premiums representing federal and state taxes and a portion of the sales load. This is deducted prior to allocation to the variable or fixed accounts. The premium load is 10% in years 1 – 5; 6% in years 6-10; 3% in years 11 and beyond. In PA, 8% in years 1-20 and 0% thereafter.

Charges and Fees: In addition, the policy includes several ongoing charges and fees. They are:

- **Monthly cost of insurance** charge per 1,000 of net amount at risk, and any rider costs, which vary by gender and underwriting class and will be deducted from the accumulation value.
- **Monthly administrative charge**. This charge is in place of a policy fee and will be deducted from the accumulation value. The charge is guaranteed not to exceed $15 per month in all years.
- **Monthly per 1,000 of initial specified amount charge** is assessed against the accumulation value during the first 10 policy years and any increase in Specified Amount for 10 policy years following the increase.
- **Guaranteed mortality and expense risk charge** (M&E). This is a daily charge assessed against the accumulation value. This charge is guaranteed .90% years 1-10; .20% in years 11+. Current charge is .90% in years 1-10; .20% in years 11-20 and 0% thereafter.
- **Daily asset management fee charge**. This is a daily charge for asset management, based on the percent of assets invested, which is imposed by the fund manager and varies by investment option. Currently ranges from 0.33% to 1.56% annualized.
- **Fixed account asset charge**: None.
- **Surrender charge**. A *surrender charge* is deducted from accumulation value following full surrender of the policy within the first 15 years or within 15 years after any increase in face amount. For the first 10 policy years or the first 10 years following an increase in face amount, a pro-rata specified amount decrease charge will be assessed upon any requested decrease in specified amount that exceeds 25% of the initial specified amount. The surrender charge is based on the initial specified amount, age, gender and duration.

Premiums

Because *Lincoln VUL^{ONE}* 2014 has flexible premium and investment options as well as an adjustable death benefit and a no-lapse guarantee, the client has significant control over the design of their insurance product. Premium payments for *Lincoln VUL^{ONE}* 2014 are flexible. There is no extra charge for modal billing, but be sure the illustration solve used assumes the desired mode. The timing of premium payments will impact the level of funding required due to compounding of the payments and interest over time. This is especially important for the Optimal No-Lapse Enhancement Rider, since late premium payments may impact the duration of the no-lapse guarantee. See Premium Relief Feature for additional information.

The policy owner selects the premium payment amount and frequency. The policy owner may elect to increase, decrease, or change the frequency of premium payments providing the payment meets guidelines set by the Internal Revenue Service. Planned premiums are premium payments scheduled, based on the illustration at the time of application. Additional premiums are any premiums made ($100 minimum) in addition to planned premiums subject to maximum limits imposed by the Internal Revenue Code.

The payment of illustrated planned premium payments does not guarantee that the policy will remain in force in the absence of the ONE Rider. The policy may lapse due to less than expected current interest crediting, poor investment option performance, or increases in the insurance or expense costs. However, the policy will not lapse as long as the benefit under the Optimal No-Lapse Enhancement Rider (previously described) is in effect. If the Optimal No-Lapse Enhancement is not in effect and the policy has met the conditions to enter the grace period, a lapse notice will be sent to the client and the client will need to pay additional premiums (within 60 days) into the policy to prevent the coverage from terminating.

Illustration Product Minimum Premium (PMP):

In order to ensure that the initial and ongoing premiums are adequate to maintain permanent life insurance coverage and the costs associated with it, the illustration will enforce a PMP in the first 10 years from issue or increase. The PMP amount is shown on the New Business Data Page.

IRS Life Insurance Qualification Test/MEC Premiums:

The flexible premium on variable universal life insurance allows the client to experiment with different funding levels. However, guideline premium limits may apply. Limitations are set by the IRS to ensure that policies meet the definition of life insurance. The maximum total premium the client can have in the policy at any given time is the greater of the guideline single premium or the sum of the guideline level premiums.

If the guideline limits prevent you from funding the policy to obtain the desired guarantees, the Cash Value Accumulation Test (CVAT) is also available. CVAT may be useful at the older ages and/or for short pay scenarios.

Modified Endowment Contracts (MEC) – 7702A

Material Changes: An additional funding consideration in variable universal life insurance is Modified Endowment Contract (MEC) status. If a policy is classified as a MEC under IRS definitions, some of its favorable tax treatment is lost because it is too heavily funded. Generally, distributions from a MEC policy are taxable as income to the extent there is a gain in the contract. Clients who wish to access some of their account value should prevent the policy from becoming a MEC. To accomplish this, a client must limit premiums paid into the policy in the first seven years (and seven years following a material change) to the calculated 7-Pay premium.

Deferred Material Changes – Necessary Premium Testing: The Necessary Premium Test is used in conjunction with Modified Endowment Contract Testing under Section 7702A of the Internal Revenue Code. The primary purpose of Necessary Premium Testing is to defer recognition of certain material changes* and the re-calculation of 7-Pay premiums and the start of a new 7-Pay period.

- As long as the necessary premium limit <u>is not exceeded</u>, certain material changes do not have to be immediately recognized for MEC testing.
- If the necessary premium <u>is exceeded</u>, then any deferred material change that was not previously recognized will become immediately recognized for MEC testing and the next material change cannot be deferred.

  * The possible deferred material changes are:

    - Death Benefit Corridor increase that occurs on a monthaversary
    - Increasing Death Benefit under DBO2 that occurs on a monthaversary
    - Requested increases in Base Policy/Additions or increases to Riders
    - Requested Death Benefit Option Changes (except DBO1 to DBO3, if available)

There are two types of Necessary Premium Testing, which is dependent on which test is used to meet the definition of life insurance – CVAT or GPT.

- **CVAT Policies:** The CVAT Necessary Premium Test can defer "involuntary" as well as the requested material changes listed above.
- **GPT Policies:** No requested material changes will be deferred on GPT policies. Guideline premium limits may act as a necessary premium limit, so that no death benefit corridor increases or increasing death benefits under DBO2 trigger a material change calculation.

Avoiding MEC Status: IF the illustration indicates MEC status, the following steps can be considered to avoid becoming a MEC:

- Limit premiums paid into the policy in the first seven years to the calculated 7-Pay premium:
    - The initial 7-pay premium is shown on the illustration
    - The Specified Amount solves "Minimum non-MEC" and "Tamra / 7-Pay" and the Premium solves "Maximum non-MEC" and Tamra / 7-Pay" will ensure your initial 7-pay premium is not violated.
- If the initial 7-Pay premium has not been violated, but there has been a material change that caused the re-calculation of 7-Pay premium and the start of a new 7-Pay period:
    - Increase the Specified Amount at issue
    - Stop premium payments in the year before the policy became a MEC
    - If the policy is CVAT, one of the non-requested deferred material changes has occurred, and the necessary premium limit has been exceeded causing a re-calculation of 7-Pay premiums, consider selecting GPT at issue. CVAT is not allowed with the Overloan Protection Rider.
- Typical funding patterns for *VUL^ONE* 2014:
    - Most cases can use GPT and avoid Necessary Premium testing – shorter funding durations, such as 5-pay scenarios or less may need to use CVAT to allow adequate guarantee premiums to be paid.
    - For cases where CVAT is needed, paying the guarantee premium should not violate Necessary Premium testing – paying the guarantee premium is not "overfunding", therefore should not be a problem.
    - Allocating premiums to the Premium Reserve Rider (PRR) account that are above and beyond the guarantee premiums can cause the case to fail Necessary Premium testing – this will depend on the insured, amount of overfunding and the length of time you are overfunding.
    - Reaching the paid-up threshold and transferring money to the PRR will not cause a policy to fail Necessary Premium testing.

Policy Cash Value, Loans and Withdrawals

Accumulation Value: The accumulation value receives new net premium payments and current interest credits. The accumulation value is decreased by expense charges, current monthly charges, fund charges, charges for supplementary coverage, loans, and partial withdrawals.

Cash Surrender Value: The cash surrender value is the amount of money available to a client upon surrender of the policy. Policy loans and partial withdrawals reduce the cash surrender value. In the first 15 policy years, the cash surrender value equals the accumulation value minus the applicable surrender charges and any outstanding loans and loan interest. If the Enhanced Surrender Value Rider has been selected at issue, the surrender charges for the first 5 policy years will be adjusted to reflect a higher alternate cash surrender value schedule. Reduced surrender charges will be applicable for full surrenders only for the first 5 policy years. After the 15th policy year, if there have been no increases in specified amount, the cash surrender value equals the fund value, minus any outstanding loans and loan interest. An increase in specified amount incurs an additional surrender charge period. For the first 10 policy years or the first 10 years following an increase in face amount, a pro-rata specified amount decrease charge will be assessed upon any requested decrease in specified amount that exceeds 25% of the initial specified amount.

Partial Withdrawals: Partial withdrawals are allowed. Withdrawals may not exceed 90% of the cash surrender value. There is no transaction charge for partial withdrawals. Partial withdrawals permanently reduce the accumulation value, and for Death Benefit Option- I the death benefit, if not in corridor. If the contract is in corridor when the withdrawal is processed, the specified amount will be reduced by the difference between the gross withdrawal processed and the amount in corridor, if any. Under certain circumstances, partial withdrawals may be taxable.

The amount of any partial withdrawals will also be deducted from the No-Lapse Value and the Reset Account Value under the ONE Rider and will impact the duration of the no-lapse protection.

Loans: Loans reduce both the accumulation value and the death benefit, which are reinstated upon repayment. The total loan balance includes outstanding loans and any accrued by unpaid interest.

Loans are taken from the cash surrender value, which is equal to the accumulation value minus any applicable surrender charges and any outstanding loans. Loans are limited to 100% (adjusted for annual interest and expense charges) of the net cash surrender value.

The amount of any loans and interest will be deducted from the No-Lapse Value and Reset Account Value under the ONE Rider and will impact the duration of the no-lapse protection.

Loan Interest Rate: The fixed loan rate charged on borrowed amounts is 6.0% in all years. The credited rate on borrowed funds is 5.0% in years 1-10 and 6.0% thereafter, which creates a zero net-cost loan in years 11+.

Managing Policy Values

Funding Issues: It is important to make clients aware that they are responsible for monitoring the market performance of the investment options they have selected. If the accumulation value decreases, clients may need to review their objectives and make adjustments to sub-account allocations and premium payments.

If the policy meets the conditions for entering the grace period, a lapse notice will be sent to the client (with a copy to the producer) to alert him/her that the policy is in danger of lapsing (unless the policy is being continued under the Optimal No-Lapse Enhancement Rider.) In some cases, the client would need to make additional premium payments into the policy.

To help manage policy values, the client receives an annual statement on policy anniversary and ongoing statements at the end of each calendar quarter that provide timely account value and death benefit information. These statements summarize all transactions, fees, and charges for the past policy year.

In addition, the policy includes management features that may help them stay on track. Two primary tools are for *Lincoln VUL*^{ONE} 2014:

- Quarterly Automatic Rebalancing (required), and
- Dollar Cost Averaging (optional – first year only)

Quarterly Automatic Rebalancing

Lincoln VUL^{ONE} 2014 is automatically issued with **Quarterly Automatic Rebalancing**. This feature must be maintained for protection under the Optimal No-Lapse Enhancement Rider to be in effect.

Automatic Rebalancing allows clients to maintain their original allocation mix. The feature automatically "sells" units of the variable investment options that have changed over the year and comprise a greater percentage of the account mix and "buys" more units of those options that have fallen below the original percentage mix. This adjusts the values allocated to each account to match the percentages specified on the policy application.

Quarterly Automatic Rebalancing helps assure that allocations do not become top-heavy in a few investment options.

Note: If the client also elects Dollar Cost Averaging, Automatic Rebalancing will begin **at the end of the first quarter** following the first policy anniversary.

Dollar Cost Averaging

Dollar Cost Averaging is an optional program that enables a policy owner to systematically reallocate specified dollar amounts from the fixed or money market accounts to the variable accounts on a **monthly basis up until the first policy anniversary**. By allocating monthly, the client will acquire units at an average cost per unit as opposed to reallocating the total amount at one particular time, which may turn out to be when unit costs are highest. Election of this program may only occur at the time of application by indicating the selection on the addendum.

Note: Using Dollar cost averaging does not assure a profit and does not protect against loss in a declining market. Also, using this investment method involves continuous investment in securities regardless of fluctuating price levels. Investors should consider their financial ability to continue purchases through periods of low price levels.

The table below illustrates this concept. *This illustration is hypothetical, for illustrative purposes only, and does not represent the performance of any investment.*

How Dollar Cost Averaging Works			
	Investment Amount	**Share Price**	**Shares Purchased**
December	$1,000	$20	50
January	$1,000	$25	40
February	$1,000	$10	100
March	$1,000	$25	40
Total	$4,000	$80	230
Average price per share for this period ($80/4)…$20.00			
Your cost per share ($4,000/230)……………… $17.39			

This helps serve as a hedge against a down market, enabling an investor to help recover more quickly when the market starts going up. This option is included at issue and must be maintained or coverage under the ONE Rider will be terminated.

Client Directed Monthly Deductions: Client directed monthly deductions are **not** allowed on *Lincoln VUL^{ONE}* 2014.

Transfers: Clients may execute 24 tax-free transfers among the variable sub-accounts annually. Each phone call is considered a "transfer". Moving money in and out of multiple funds within a single policy in a single telephone call counts as a single transfer.

Additional transfers are available; however, clients may be charged an additional $25 for each transfer. Note: Dollar Cost averaging is not considered a transfer.

Transfers from the Fixed Account may be subject to limitations in timing or amount. There are currently no restrictions.

Lincoln reserves the right to change the terms and conditions of the Transfer Privilege Provision of the policy in response to changes in legal or regulatory requirements. Further, Lincoln reserves, in its sole discretion, the right to limit or modify transfers that may have an adverse effect on other policy owners. Transfer rights may be restricted in any manner or terminated until the beginning of the next policy year if Lincoln determines the owner's use of the transfer right may disadvantage other policy owners.

Agent Compensation

The initial compensation rate for *Lincoln VUL*^{ONE} (2014) is paid on all premiums received in any year until premiums received reach the target premium.

First Year Commission Rates:
First-year and renewal commission rates as a percentage of premiums and trail amounts vary by producer type. Please refer to your standard commission schedule for additional information.

Target Premium:
The target Premium will be reflected on the New Business Data Page of the illustration.
Note: Inclusion of the Benefit Selection Option will impact target premiums

Substandard Adjustments: For rated insureds, the target rate is increased by a fixed amount that varies by age per table.

No special commission or target adjustment is made for flat extra premiums. They are included in the base premium and are commissioned as mentioned above at regular rates.

Commission Recalls: Commissions will be recalled within the first 2 policy years for a face decrease and within the first policy year for a lapse/surrender (partial withdrawal or full) based on the following percentages. When a policy is decreased, the recall pertains to the decreased portion of the policy rather than to the policy as a whole.

Face Decrease		Lapse/Surrender	
Months	**% of First Year Commissions Recalled**	**Months**	**% of First Year Commissions Recalled**
1-6:	100%	1-6:	100%
7-12:	75%	7-12	50%
13-24	50%		

Products and features subject to state availability. Products issued on policy form number LN696 and rider form number LR626 by The Lincoln National Life Insurance Company, Fort Wayne, IN. Not for use in New York. Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations. ***Variable products are sold by prospectus containing investment objectives, risks, charges, and expenses of the investment company. Read carefully.*** **Variable products are offered through broker/dealers with an effective selling agreement. Guarantees are backed by the claims-paying ability of the insurer.**