

Lincoln PathBuilderSM income

In-Plan guaranteed income option
for *Lincoln Alliance*® program



RETIREMENT PLAN
SERVICES

Plan sponsor
overview








Preparing for the future

Now, more than ever, employees may want investment solutions — such as the *Lincoln PathBuilderSM* income investment option — that offer guaranteed retirement income and protection from market declines so they may be better prepared to plan for retirement.

With *Lincoln PathBuilderSM* income investment solutions, a plan sponsor receives access to support its role as a plan fiduciary and can offer an investment that may help employees plan for income in their retirement.

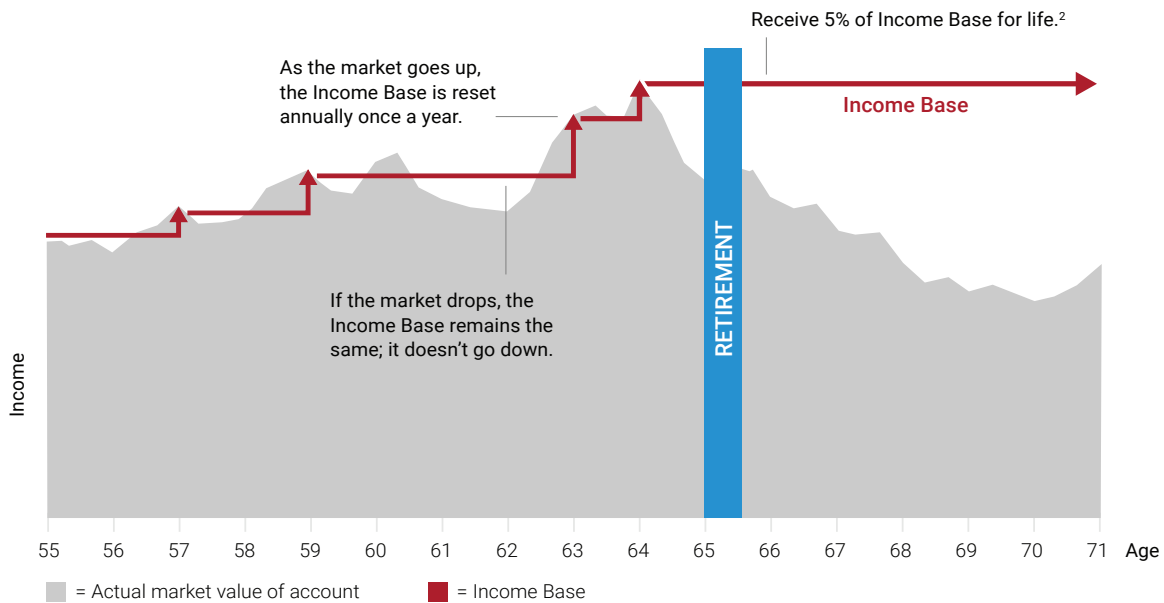
Key features for employees

The *Lincoln PathBuilder*SM income option offers:

-  Guaranteed lifetime income¹
-  Reasonable cost
-  Protection in times of declining markets
-  Participation in rising markets
-  Account access at any time, subject to plan terms

How does it work?

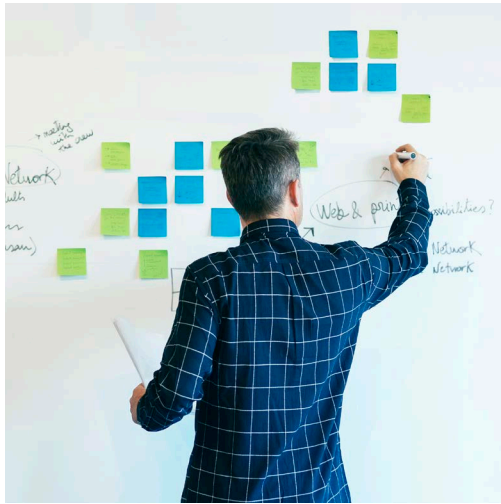
An Income Base is used to calculate a participant's guaranteed lifetime retirement income. When a participant first invests in the *Lincoln PathBuilder*SM income investment option (i.e., when the first dollar is invested), the participant's Income Base is equal to the participant's investment in the option on that date.



This chart is to illustrate the general principles of *Lincoln PathBuilder*SM only; in this example, a participant reaching age 65 receives 5% of his or her Income Base for life. The Income Base is reset annually and equals the higher of the market value of the account in the *Lincoln PathBuilder*SM income option or the previous year's Income Base plus contributions minus withdrawals into and out of the *Lincoln PathBuilder*SM income option. This helps provide a level of protection against market declines while still allowing a way to participate in rising markets. Participant contributions in the *Lincoln PathBuilder*SM income option are invested in a balanced fund.

¹ Guaranteed income from the *Lincoln PathBuilder*SM income investment option is subject to the claims-paying ability of the issuing company, which is The Lincoln National Life Insurance Company.

² This percentage may vary based on certain factors, including the applicable Guaranteed Annual Income rate, single or joint life election, and age when withdrawals begin.



Adding a guaranteed income option to a plan's lineup

A plan sponsor may add the *Lincoln PathBuilder*SM income investment option to a plan similar to any other investment. Once added, the *Lincoln PathBuilder*SM income option may also be integrated into the glide paths of *LifeSpan*SM custom target-date portfolios. Lincoln has been offering custom portfolios on our *LifeSpan*SM administrative platform for almost 15 years. This investment may be offered to plan participants in three ways:

- As *LifeSpan*SM target-date portfolios with the *Lincoln PathBuilder*SM income option as the plan's QDIA.
- As *LifeSpan*SM target-date portfolios with the *Lincoln PathBuilder*SM income option as additional target-date investments that supplement a plan's existing QDIA.
- As a standalone investment option in a plan.

The target date is the approximate date when investors plan to retire or start withdrawing their money. Some target-date portfolios make no changes in asset allocation after the target date is reached; other target-date portfolios continue to make asset allocation changes following the target date. In a typical target-date portfolio, the principal value is not guaranteed at any time, including at the target date. In a typical target-date portfolio, an asset allocation strategy doesn't guarantee performance or protect against investment losses.

When the *Lincoln PathBuilder*SM income investment option is added to a custom target-date portfolio, account balances automatically transition, over time, to an investment that can provide lifetime income.

Over the past decade, automatic plan design features have played an important role in helping improve retirement plan outcomes. QDIAs, automatic enrollment, and automatic deferral increases have helped boost participation and improve plan savings rates, potentially giving participants a better chance to achieve retirement readiness.

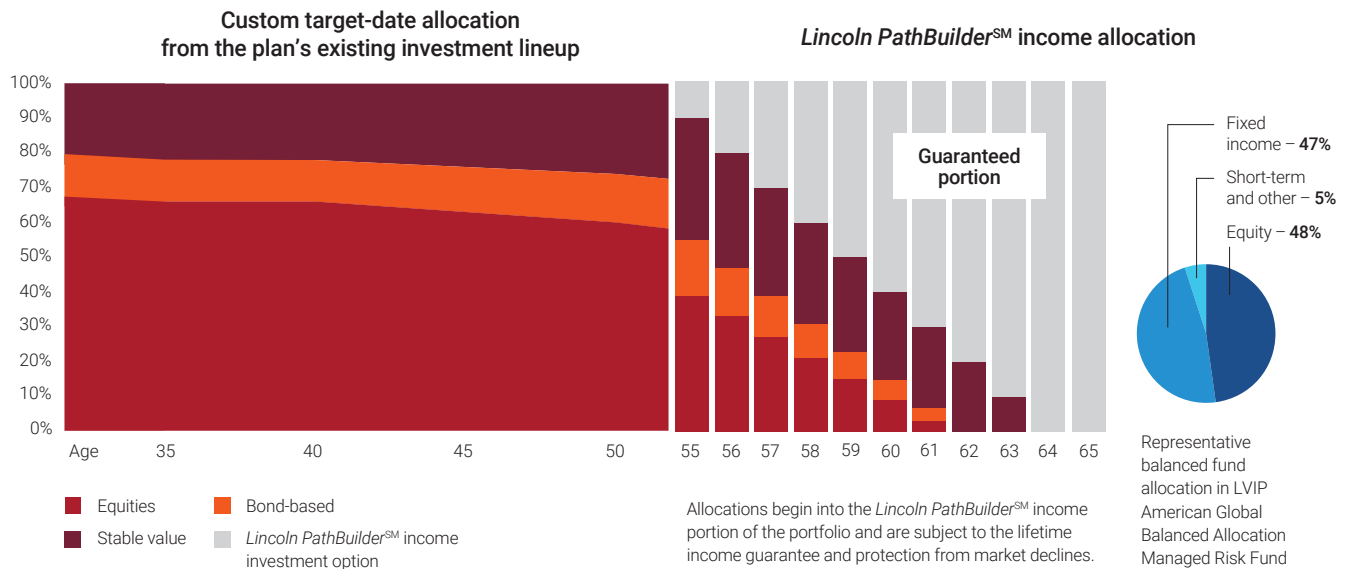
But one concern remains: how to help participants generate a reliable income stream when they finally reach retirement. The concern may be addressed by offering an all-in-one *LifeSpan*SM custom target-date portfolio that includes the *Lincoln PathBuilder*SM income option. Employees can automatically transition their defined contribution account balances into guaranteed income for life — a next-generation auto feature: auto income.

A portfolio with lifetime income

A target-date portfolio with a guaranteed income allocation may help ease the transition into retirement.

The *Lincoln PathBuilder*SM income investment can be included in the asset allocation glide path of a *LifeSpan*SM custom target-date portfolio. Participants may select the custom target-date portfolio that most closely matches their estimated retirement date.

Sample glide path for a 35-year-old in the 2045 target-date portfolio



The custom portfolio is developed using funds in the plan's lineup and works like this:

- Until the participant is 10 years from the target date, at approximately age 55, the portfolio operates like a typical target-date portfolio, with a glide path becoming more conservative over time.
- Ten years prior to the target date, when the participant is approximately 55, allocations begin into the *Lincoln PathBuilder*SM income investment option – the guaranteed portion of the portfolio.
- Typically, the percentage allocated into the *Lincoln PathBuilder*SM income option starts at 10% and increases by an additional 10% each year until the participant is fully allocated to the *Lincoln PathBuilder*SM income investment on the target date – when the participant is approximately age 65.
- The participant also can choose to have a final glide path allocation of less than 100% to the guaranteed portion of the target-date portfolio.



Allocating the *Lincoln PathBuilder*SM income option to a target-date portfolio provides a way for participants to automatically transition their account balances into guaranteed income for life.

High level of fiduciary support

Lincoln Financial Group makes available a high level of support to plan fiduciaries.

- **Department of Labor (DOL) guidance:** The product is aligned with the DOL annuity selection safe harbor and other guidance and is reviewed by independent experts commissioned by Lincoln.
- **Underlying fund and target-date portfolio glide path:** When engaged, Morningstar Investment Management LLC, an independent 3(38) fiduciary – or another registered investment adviser selected by the plan sponsor – will provide fiduciary review.
- **Cost of protection:** The additional cost of protection is 0.9%.
- **Insurer risk:** Lincoln has more than a century of experience in managing risk.

Solutions for administrative needs

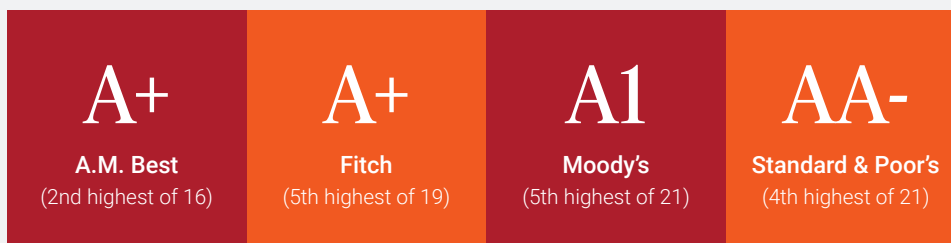
The *Lincoln PathBuilderSM* income investment option is designed to help address administrative concerns and provides:

- **Liquidity:** Participants can take a hardship, loan, or other withdrawal.
- **Simplicity:** When included in a custom target-date portfolio, the *Lincoln PathBuilderSM* income investment offers guaranteed income in an all-in-one portfolio that can provide auto income.
- **Portability:** At the plan level, portability is provided through the Retirement Income Clearing Calculator (RICC) platform. Contact your retirement plan representative about availability.
- **Education:** Lincoln is an experienced provider of defined contribution plan communication and education programs – including one-on-one education that may help participants achieve better retirement outcomes.

A tradition of strength

Guarantees in the *Lincoln PathBuilderSM* income investment option are insured by The Lincoln National Life Insurance Company.³ We offer the stability and integrity plan sponsors may want, building on more than a century of experience and sound risk management.

Financial strength ratings – The Lincoln National Life Insurance Company⁴



³ Guarantees are subject to the claims-paying ability of the issuing company.

⁴ These ratings apply only to the company's claims-paying ability. The ratings do not imply approval of the product and do not refer to the performance of the product, including underlying investment options, if any. As of May 6, 2020, these ratings represent the most recently affirmed ratings by the respective agencies. Individual issuing companies are separately responsible for satisfying their own financial and contractual obligations. All ratings are subject to revision or withdrawal at any time by the rating agencies, and, therefore, no assurance can be given that these ratings will be maintained. For more information on ratings, visit LincolnFinancial.com/Investor. The current outlook for the insurance subsidiaries is stable from A.M. Best, Fitch, Moody's, and Standard & Poor's.

Lincoln PathBuilderSM income investment summary

Feature	Lincoln PathBuilder SM income investment option				
Investment lineup options	<ul style="list-style-type: none"> Offered as an investment option that's part of a <i>LifeSpan</i>SM target-date portfolio where the target-date portfolio is the plan's QDIA Offered as an investment option that's part of a <i>LifeSpan</i>SM target-date portfolio where the target-date portfolio is not the plan's QDIA Offered as a standalone investment option 				
Minimum age	There's no minimum age requirement. <i>Lincoln PathBuilder</i> SM income solutions are available to participants of any age.				
Guaranteed Annual Income (as a percentage of a participant's Income Base)	<table border="0"> <thead> <tr> <th>Single life</th> <th>Joint life</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> 4% beginning at age 55 5% beginning at age 65 6% beginning at age 71 </td> <td> <ul style="list-style-type: none"> 3.5% beginning at age 55 4.5% beginning at age 65 5.5% beginning at age 71 </td> </tr> </tbody> </table> <p>The example reflects current effective rates, which are subject to change. A participant's guaranteed income rate may be blended if contributions are made after the effective rates change.</p>	Single life	Joint life	<ul style="list-style-type: none"> 4% beginning at age 55 5% beginning at age 65 6% beginning at age 71 	<ul style="list-style-type: none"> 3.5% beginning at age 55 4.5% beginning at age 65 5.5% beginning at age 71
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Protection and upside potential	Income Base is reset annually as the higher of the market value or the previous year's Income Base plus contributions minus withdrawals.				
Guaranteed income for life	Participants can elect to receive guaranteed lifetime income calculated as a percentage of their Income Base.				
Flexibility	Participants can always access their available account market value. ⁵				
Underlying investment	LVIP American Global Balanced Allocation Managed Risk Fund				
Net fees⁶	Based on the plan, total net fees (including investment expenses and cost of guarantee, minus fees used to offset costs to the plan) can range from approximately 1.62% to 1.77%.				
Fiduciary support	Lincoln makes available a fiduciary road map and has commissioned an evaluation of the product and its financial strength by an independent expert. When engaged, Morningstar Investment Management LLC or another registered investment adviser selected by the plan sponsor provides 3(38) fiduciary support for the underlying fund and the target-date glide path.				

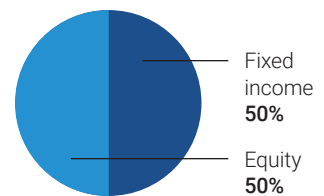
LVIP AMERICAN GLOBAL BALANCED ALLOCATION MANAGED RISK FUND

Amounts contributed to the *Lincoln PathBuilder*SM income investment option are invested in the LVIP American Global Balanced Allocation Managed Risk Fund.

Investment objective

This fund seeks balance between a high level of current income and growth of capital, with an emphasis on growth of capital.

Representative allocation



Principal investment strategies

- Use a fund of funds structure
- Invest approximately 50% of assets in equity securities and 50% in fixed-income securities. A portion of the portfolio uses hedging instruments as part of its risk management strategy
- Invest in funds that employ an active management style
- Employ a risk management strategy that seeks to lower the volatility of returns and provides capital protection in down markets

⁵ Participants can always withdraw any or all of their account value. Excess withdrawals can reduce a participant's Income Base. Withdrawals may carry tax consequences, including possible tax penalties.

⁶ There are four versions of *Lincoln PathBuilder*SM income investment option. The total fees in the prospectuses range from 1.71% to 2.31%.

Lincoln PathBuilderSM income investment solutions can provide guaranteed lifetime income, protection from market declines, and participation in rising markets — all at a reasonable cost. And a plan sponsor receives access to support its role as a plan fiduciary.



For additional information, contact your retirement plan representative.

Lincoln PathBuilderSM income solutions are offered as a group variable annuity. Amounts contributed to the annuity contract are invested in the LVIP American Global Balanced Allocation Managed Risk Fund, a fund of funds with a balanced allocation. The guarantee is provided by a contract between the client/plan sponsor and Lincoln National Life Insurance Company that provides a plan participant with guaranteed annual retirement income.

The LVIP American Global Balanced Allocation Managed Risk Fund is not guaranteed or insured by Lincoln or by any other insurance company or entity, and shareholders may experience losses. The protection strategy used by this fund is separate and distinct from any annuity or insurance contract rider or features.

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A group variable annuity is a long-term investment product designed particularly for retirement purposes. Group annuities contain both investment and insurance components and have fees and expenses, including administrative and advisory fees. The annuity's value fluctuates with the market value of the underlying investment option, and all assets accumulate tax-deferred. Withdrawals may carry tax consequences, including possible tax penalties.

REFER TO THE SUMMARY FOR PLAN PARTICIPANTS (CERTIFICATE) IN DEFINED CONTRIBUTION PLANS FOR ADDITIONAL INFORMATION ABOUT THIS INVESTMENT.

Investors are advised to consider carefully the investment objectives, risks, and charges and expenses of the group variable annuity and its underlying investment option before investing. The applicable variable annuity prospectus contains this and other important information about the variable annuity and its underlying investment option. Please call 800-234-3500 for a prospectus. Carefully read it before investing or sending money. Products and features are subject to state availability.

Lincoln PathBuilderSM income group variable annuity contracts (contract form AN-701 and state variations) are issued 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.**

All contract guarantees, including those for guaranteed income or annuity payout rates, are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer or insurance agency from which this annuity is purchased or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.

There is no additional tax-deferral benefit for an annuity contract purchased in an IRA or other tax-qualified plan.

LifeSpanSM is an example of a custom portfolio service. Custom portfolios use the investment options available in the retirement product or program and are designed to help an individual select the investment options that best align with their retirement goals. They offer the option to select from either target-date or target-risk portfolios. Asset allocation does not ensure a profit or protect against loss.

Morningstar Investment Management LLC is a registered investment adviser and subsidiary of Morningstar, Inc. Neither Morningstar Investment Management nor Morningstar is affiliated with the Lincoln Financial Group.

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LCN-3073245-050520

POD 5/20 Z01

Order code: DC-PBPS-BRC001

