Protect your business investment

Insure against the unexpected loss of a key employee

You carry insurance coverage to protect yourself from the loss of property and equipment, but what about your most valuable asset — your key employees? A key employee may be a co-owner or partner, top executive or important member of the organization with unique talents, experience or skills critical to the prosperity of the business.

Key person life insurance protects the business from the financial impact of the loss of an essential employee.

Meet Vince and Mark

Vince owns a large construction company

Mark, age 45, is a civil engineer and general sales manager

Mark has been with Vince's company for over 10 years, and his ability to generate sales leads has led to its success. Because Mark has become an invaluable asset, his loss to a competitor or unexpected death would put Vince's business at financial risk.

The company's challenge

A plan that will protect the business from the financial effects that may happen if it were to lose its key employee, Mark, and:

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

And flexibility for the business:

- Business determines who to insure and controls the policy if the key person leaves
- No IRS approval required
- Balance sheet-friendly

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

Insurance products issued by:
The Lincoln National Life Insurance Company

How key person insurance works

The business

Purchases a life insurance policy on a key employee after giving them notice and receiving their consent

Advantages for the business

- Income tax-free death benefit proceeds paid to the business if key employee dies while policy is in-force[1]
- Death benefit proceeds to fund recruitment and training efforts to replace a key employee[2]
- Capital to replace profits or help settle any loans due or for other expenses as the company transitions[2]

Protection and financial flexibility for Vince's business

Vince's financial professional recommends key person insurance. Mark gives his consent to have a policy written on his life.

Vince's business purchases a *Lincoln WealthPreserve®* 2 IUL policy, with Mark as the insured. The business is the owner, premium payer and beneficiary of the policy. If Mark were to pass away, the business could use the death benefit to cover lost profitability, fund costs to recruit and train a replacement, and help maintain the availability of credit.[2]

Vince feels confident about having financial protection for his business. And because the policy offers cash value growth potential, he also has a solution that gives his business the flexibility to address future financial needs.

The outcome

The business will pay a $14,370 — annual premium for 20 years.	**$287,400**
Key person protection	**$1 million death benefit**
Cash value at age 65	**$392,353**

Hypothetical example assumes a male, age 45, preferred nontobacco, *Lincoln WealthPreserve®* 2 IUL with $1,000,000 level death benefit in the Fidelity AIM Dividend Indexed Account of a protection indexed universal life insurance policy, $14,370 annual premium paid for 20 years to meet Extended No Lapse Guarantee premium requirement. Assumed rate of return of 5.70%. State of North Carolina. Assuming 0% crediting and guaranteed charges, policy lapses at age 86 with $0 in cash value. Due to differences in account features and underlying indices, the maximum illustrative rate and actual indexed crediting will differ by account.

[1] For federal income tax purposes, life insurance death benefits generally pay income tax-free to beneficiaries pursuant to IRC Sec. 101(a)(1). In certain situations, however, life insurance death benefits may be partially or wholly taxable. Situations include, but are not limited to: the transfer of a life insurance policy for valuable consideration unless the transfer qualifies for an exception under IRC Sec. 101(a)(2) (the transfer-for-value rule), arrangements that lack an insurable interest based on state law, and an employer-owned policy unless the policy qualifies for an exception under IRC Sec. 101(j).

[2] Annual increase in policy cash values and death benefit proceeds may have corporate alternative minimum tax implications.

Why choose *Lincoln WealthPreserve®* 2 IUL?

Guaranteed death benefit protection for up to 40 years or to age 90 (whichever comes first)[1]

Five indexed account options, featuring downside protection[2]

Access to cash value through loans, with guaranteed loan interest charged rates for the duration of the policy[3]

Add optional long-term care or chronic illness protection to help shield your portfolio from unexpected expenses[4]

Guarantees are subject to the claims-paying ability of the issuing company. Limitations and conditions apply.

[1] Minimum premium requirement must be met to maintain the Extended No-Lapse Minimum Premium Rider. Only available with death benefit option 1 and maximum issue age of 79. [2] Loans and withdrawals reduce the policy's cash value and death benefit. [3] Loans and withdrawals reduce the policy's cash value and death benefit. [4] Additional living benefits are offered through riders, are subject to eligibility, and may have additional costs. Limitations and exclusions apply. For additional details, please contact your financial professional.

Talk with your financial professional about how *Lincoln WealthPreserve®* 2 IUL (2020) can help with your business protection strategy.

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