



Lincoln
Financial GroupSM

FOR RETIREMENT

Stable Value/Fixed Account features and guarantees

Hello future.[®]

You may have questions about the stable value/fixed accounts within your defined contribution retirement plan with Lincoln Financial. Specifically, you may be seeking more information on the nature and safety of the account(s). We've addressed a list of frequently asked questions to help provide answers.

However, before addressing questions about stable value, it's important to appreciate the strength and integrity of the Lincoln Financial Group® affiliates that stand behind stable value features and guarantees. These companies—The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York—follow in their famous namesake's footsteps, and their reputations precede them.

Both The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York have more than a century-long heritage of proven results. Both strive to give participants the confidence they need to transition to the next phase of their lives and secure their financial futures. This legacy of responsible financial management enables these Lincoln Financial Group affiliates to operate through turbulent markets and meet their contractual obligations.

The Lincoln Financial Group business model is sound, and the products and services of its affiliates are needed more than ever. You are invited to review the "Lincoln National Corporation 2011 Annual Report to Shareholders," as well as its affiliates' financial strength ratings and standings in various business lines, at www.LincolnFinancial.com. We believe you will agree that The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York are well-positioned to deliver on their promises.

Frequently asked questions

General

Q1 Is my money secure?

A1 Lincoln Financial Group is committed to the retirement business and is a financially strong organization. Our legacy of responsible financial management has enabled Lincoln to operate through turbulent markets and meet its contractual obligations.

Q2 What is stable value?

A2 Stable value is the label for an asset class that strives to maintain stable returns and capital protection. Many types of investment options are found in the stable value asset class, including money market mutual funds, annuities, and some collective trusts. Individual or group fixed annuities, such as the Lincoln Stable Value option, and the fixed accounts of variable annuities are also stable value options.

Q3 How is stable value different from my other investment options/choices?

A3 Fixed annuities and fixed accounts of variable annuities provide guarantee of principal and interest. They are backed by the insurance company that issues the annuity. Money market mutual funds have no guarantees and must include in their prospectuses a warning that the investor could lose money. Collective trusts do not guarantee principal or any level of interest, but they may purchase insurance contracts (sometimes known as wrap contracts) to help maintain liquidity and restore some losses of market value when investments default. A stable value option is designed as a low-risk investment, but you could still lose money by investing in it. The primary risks of investing in the fund are: credit risk, income risk and market risk.

Safety

Q4 What do insurance companies do to help preserve or guarantee the rates?

A4 Under state insurance laws, insurance companies are required to establish reserves to support the guarantees in annuity contracts. Insurance companies also hold additional capital to provide a cushion against the risk of loss for the investments as well as any other aspects of the insurance operation.

Q5 Which regulator is primarily responsible for the financial oversight of the company?

A5 The Indiana Department of Insurance is the primary regulator of The Lincoln National Life Insurance Company, located in Fort Wayne, Indiana. The New York State Insurance Department is the primary regulator of Lincoln Life & Annuity Company of New York, located in Syracuse, New York. The assets and liabilities of The Lincoln National Life Insurance Company are separate from those of its parent holding company, Lincoln National Corporation. Similarly, the assets and liabilities of Lincoln Life & Annuity Company of New York are separate from those of its parent holding company, Lincoln National Corporation.

The assets in the insurance company are held for the benefit of the policyowners. Additionally, you should be aware that the variable portion of life and annuity contracts is maintained in separate accounts, which means all assets are held in trust for the benefit of the variable contract policyowner and are separate from the insurance company's general account assets.

Q6 What is the role of the state insurance department in protecting policyowners?

A6 State departments of insurance are responsible for overseeing the soundness of insurance companies domiciled in their states. Insurance departments utilize various tests, minimum thresholds and financial examinations to monitor the company's financial condition and operations. More information is available through the various states' departments of insurance. Contact information for specific state insurance departments can be found at www.naic.org/state_web_map.htm.

Interest crediting rates

Q7 How is the current interest rate determined?

A7 The Lincoln Fixed Annuity and the fixed accounts of variable annuities have interest rates that are determined and declared periodically by a Lincoln executive committee. Most Lincoln contracts have quarterly "new money" rates and quarterly portfolio rates set at the discretion of that committee, taking into account all issues important to the contractowners and the company. Some fixed annuities have interest rates based on an external index (see Q8).

Most of the contracts being issued today have a minimum interest guarantee. Contact your Lincoln representative, call customer service at 800 234-3500, or visit the website at www.LincolnFinancial.com, login: Employer Retirement Plans, to find out the guarantees of your contract(s).

Q8 Which index is used?

A8 The credited rate for the Lincoln Stable Value Account and Lincoln Separate Account Stable Value Account is based on the three-year average of the Barclays Capital Intermediate U.S. Government/Credit Index. Please contact Barclays Capital if you would like information about the index.

Q9 If the crediting rate formula is changed after five years, is there a new five-year guarantee for the revised formula?

A9 The five-year guarantee provision applies only to the first five years of the contract.



Lincoln
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HELPING PEOPLE FACE THE FUTURE WITH CONFIDENCE

At Lincoln Financial Group, we've spent more than 100 years living up to the character of our namesake: integrity, honesty, and the belief in a better tomorrow. We provide advice and solutions to help people save for tomorrow, secure and maximize their income, protect themselves and their loved ones, and prepare for the unexpected.

Hello future.[®]

INCOME
LIFE
RETIREMENT
GROUP BENEFITS

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

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The Lincoln Stable Value Account is a fixed annuity issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, on contract 28866-SV and state variations. It is not available for use in 403(b) plans in the state of Washington. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so.**

For contracts issued in New York, the Lincoln Stable Value Account is a fixed annuity issued by Lincoln Life & Annuity Company of New York, Syracuse, NY, on contract 28866NY.

Mutual funds in the *Lincoln Alliance*[®] or *Lincoln SmartFuture*[®] programs are sold by prospectus. An investor should carefully consider the investment objectives, risks, and charges and expenses of the investment company before investing. The prospectus contains this and other important information and should be read carefully before investing or sending money. Investment values will fluctuate with changes in market conditions, so that upon withdrawal, your investment may be worth more or less than the amount

originally invested. Prospectuses for any of the mutual funds are available by calling your Lincoln professional.

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