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Fees and Retirement Plans

*Lincoln Director*SM group variable annuity

For *Lincoln Director*SM plans established after September 2008

Review your plan fees and understand the financial arrangements between Lincoln and the investment providers of your plan.

Name of investment/separate account ¹	SA#	Investment Management Fee (IMF) charged by Lincoln ²	12b-1 fee received by Lincoln from the fund ³	Sub-TA or other revenue sharing received by Lincoln ⁶	Amount of the operating expense retained by fund company	Average operating expense of the underlying mutual fund ³	Total investment fee (IMF plus the average operating expense) ⁴	Revenue collected by Lincoln and sent to subadvisor of fund ⁷	Lipper Peer Group/Average Lipper expense ratio for fund's asset class ⁸	Lipper expense ratio for fund's asset class ⁸
Core Equity	11	0.750			0.000	0.000	0.750	0.320	Large-Cap Core	1.20
Government/Corporate Bond	12	0.750			0.000	0.000	0.750	0.240	General Bonds	0.88
Short Term	14	0.600			0.000	0.000	0.600	0.050	Money Market	0.57
Medium Capitalization Equity	17	0.750			0.000	0.000	0.750	0.475	Mid-Cap Growth	1.03
AllianceBernstein VPS Growth and Income	19	0.300	0.000	0.200	0.420	0.620	0.920		Large-Cap Value	1.21
High Yield Bond	20	0.750			0.000	0.000	0.750	0.320	High Current Yield	1.20
Balanced	21	0.750			0.000	0.000	0.750	0.330	Mixed-Asset Target Allocation Moderate	1.25
International Equity	22	0.975			0.000	0.000	0.975	0.500	International Value	1.01
Large Capitalization Equity	23	0.750			0.000	0.000	0.750	0.400	Multi-Cap Growth	1.34
Small Capitalization Equity	24	0.750			0.000	0.000	0.750	0.530	Small-Cap Growth	1.54
LVIP SSgA S&P 500 Index ⁹	27	0.290	0.000	0.220	0.110	0.330	0.620		S&P 500 Index Objective	0.40
Value Equity	28	0.750			0.000	0.000	0.750	0.300	Large-Cap Value	1.21
LVIP T. Rowe Price Growth Stock	29	0.150	0.000	0.340	0.480	0.820	0.970		Large-Cap Growth	1.25
Conservative Balanced	30	0.750			0.000	0.000	0.750	0.280	Mixed-Asset Target Allocation Conservative	N/A
AllianceBernstein VPS Global Thematic	31	0.300	0.000	0.200	0.730	0.930	1.230		Science & Technology	1.25
Aggressive Balanced	32	0.750			0.000	0.000	0.750	0.320	Mixed-Asset Target Allocation Growth	1.31
LVIP Delaware Social Awareness	33	0.300	0.000	0.190	0.250	0.440	0.740		Specialty/Miscellaneous	1.26
Fidelity VIP Contrafund [®]	35	0.150	0.100	0.120	0.540	0.760	0.910		Multi-Cap Core	1.33
LVIP SSgA Small-Cap Index	36	0.150	0.000	0.240	0.230	0.470	0.620		Small-Cap Growth	1.54
LVIP Mid-Cap Value	38	0.000	0.000	0.300	0.690	0.990	0.990		Mid-Cap Value	1.36
AllianceBernstein VPS Small/Mid Cap Value	39	0.300	0.000	0.200	0.660	0.860	1.160		Small-Cap Value	1.06
LVIP Cohen & Steers Global Real Estate	55	0.300	0.000	0.180	0.730	0.910	1.210		Real Estate	1.02
Delaware VIP Small Cap Value Series	56	0.300	0.000	0.200	0.650	0.850	1.150		Small-Cap Value	1.06
Fidelity VIP Equity-Income	57	0.300	0.250	0.130	0.440	0.820	1.120		Equity Income Funds	0.89
Fidelity VIP Growth	58	0.300	0.250	0.130	0.550	0.930	1.230		Large-Cap Growth	1.25
Fidelity VIP Overseas	59	0.300	0.250	0.130	0.740	1.120	1.420		International Core	1.06
Delaware VIP Value	61	0.200	0.000	0.200	0.560	0.760	0.960		Large-Cap Value	1.21
LVIP Templeton Growth	62	0.200	0.250	0.250	0.570	1.070	1.270		Global Value	1.04
FTVIPT Franklin Small-Mid Cap Growth Securities	63	0.300	0.250	0.200	0.580	1.030	1.330		Mid-Cap Growth	1.03
MFS [®] VIT Growth Series	65	0.300	0.000	0.250	0.580	0.830	1.130		Multi-Cap Growth	1.34
MFS [®] VIT Utilities Series	67	0.300	0.000	0.250	0.560	0.810	1.110		Utility	1.03
Janus Aspen Series Large Cap Growth	70	0.300	0.250	0.100	0.570	0.920	1.220		Large-Cap Growth	1.25
BlackRock Aurora	75	0.050	0.250	0.250	0.950	1.450	1.500		Small-Cap Core	1.37
BlackRock Small/Mid-Cap Growth	76	0.050	0.250	0.250	0.860	1.360	1.410		Small-Cap Growth	1.54
BlackRock Energy & Resources	77	0.050	0.250	0.250	0.770	1.270	1.320		Global Natural Resources	1.50
BlackRock Large Cap Value	80	0.050	0.250	0.250	0.730	1.230	1.280		Multi-Cap Value	1.23
BlackRock Capital Appreciation	81	0.050	0.250	0.250	0.850	1.350	1.400		Large-Cap Growth	1.25
BlackRock Mid-Cap Value Equity	83	0.050	0.250	0.250	0.760	1.260	1.310		Mid-Cap Value	1.36
Fidelity VIP Mid Cap	84	0.550	0.000	0.120	0.560	0.680	1.230		Mid-Cap Core	0.86
FTVIPT Templeton Global Bond Securities	86	0.550	0.000	0.200	0.380	0.580	1.130		Global Income	1.17
Delaware VIP Limited-Term Diversified Income	87	0.550	0.000	0.200	0.470	0.670	1.220		Short-Intermediate Investment Grade Debt	0.91
American Century VP Inflation Protection	92	0.350	0.000	0.240	0.250	0.490	0.840		General U.S. Government	1.08
Delaware VIP Diversified Income	93	0.350	0.000	0.200	0.530	0.730	1.080		Intermediate Investment Grade Debt	0.93
Delaware VIP Emerging Markets	94	0.300	0.000	0.200	1.210	1.410	1.710		Emerging Markets	1.66
LVIP Delaware Foundation Conservative Allocation	95	0.200	0.000	0.300	0.450	0.750	0.950		NA	
LVIP Delaware Foundation Moderate Allocation	96	0.200	0.000	0.300	0.460	0.760	0.960		NA	
LVIP Delaware Foundation Aggressive Allocation	97	0.200	0.000	0.300	0.460	0.760	0.960		NA	
American Funds AMCAP	1A	0.150	0.250	0.100	0.380	0.730	0.880		Multi-Cap Core	1.33
American Funds Balanced	1B	0.150	0.250	0.100	0.300	0.650	0.800		Mixed-Asset Target Allocation Growth	1.31
American Funds High-Income Trust	1C	0.150	0.250	0.100	0.420	0.770	0.920		High Current Yield	1.20
American Funds Mutual	1D	0.150	0.250	0.100	0.310	0.660	0.810		Multi-Cap Value	1.23
American Funds Bond Fund of America	1E	0.150	0.250	0.100	0.320	0.670	0.820		Corporate Debt Funds A-Rated	1.08
American Funds Capital Income Builder	1F	0.150	0.250	0.100	0.300	0.650	0.800		Mixed-Asset Target Allocation Growth	1.31
American Funds Capital World Bond	1G	0.150	0.250	0.100	0.560	0.910	1.060		Global Income	1.17
American Funds Capital World Growth and Income	1H	0.150	0.250	0.100	0.440	0.790	0.940		Global Multi-Cap Value	1.43

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American Funds EuroPacific Growth	1I	0.150	0.250	0.100	0.500	0.850	1.000		International Multi-Cap Growth 1.57
American Funds Fundamental Investors	1J	0.150	0.250	0.100	0.320	0.670	0.820		Large-Cap Core 1.20
American Funds Growth Fund of America	1K	0.150	0.250	0.100	0.320	0.670	0.820		Multi-Cap Growth 1.34
American Funds Income Fund of America	1L	0.150	0.250	0.100	0.300	0.650	0.800		Mixed-Asset Target Allocation Growth 1.31
American Funds Intermediate Bond Fund of America	1M	0.150	0.250	0.100	0.370	0.720	0.870		Short-Intermediate Investment Grade Debt 0.91
American Funds Investment Company of America	1N	0.150	0.250	0.100	0.300	0.650	0.800		Large-Cap Core 1.20
American Funds New Economy	1P	0.150	0.250	0.100	0.490	0.840	0.990		Multi-Cap Growth 1.34
American Funds New Perspective	1Q	0.150	0.250	0.100	0.440	0.790	0.940		Global Large-Cap Core 1.48
American Funds New World	1R	0.150	0.250	0.100	0.690	1.040	1.190		Emerging Markets 1.66
American Funds SMALLCAP World	1S	0.150	0.250	0.100	0.720	1.070	1.220		Global Small-/Mid-Cap 1.67
American Funds U.S. Government Securities	1T	0.150	0.250	0.100	0.370	0.720	0.870		General U.S. Government 1.08
American Funds Washington Mutual Investors	1U	0.150	0.250	0.100	0.320	0.670	0.820		Large-Cap Value 1.21
LVIP Baron Growth Opportunities	1X	0.100	0.250	0.500	0.540	1.290	1.390		Small-Cap Growth 1.54
Delaware Small Cap Core	2C	0.000	0.500	0.100	1.000	1.600	1.600		Small-Cap Core 1.37
FTVIPT Franklin Income Securities	2I	0.150	0.250	0.200	0.270	0.720	0.870		Mixed-Asset Target Allocation Moderate 1.25
FTVIPT Mutual Shares Securities	2J	0.150	0.250	0.200	0.530	0.980	1.130		Multi-Cap Value 1.23
MFS ⁹ VIT Total Return	2R	0.050	0.250	0.250	0.560	1.060	1.110		Mixed-Asset Target Allocation Moderate 1.25
LVIP Wilshire 2010 Profile	L1	0.200	0.000	0.400	0.310	0.710	0.910		Mixed-Asset Target Allocation Moderate 1.25
LVIP Wilshire 2020 Profile	L2	0.200	0.000	0.410	0.310	0.720	0.920		Mixed-Asset Target Allocation Moderate 1.25
LVIP Wilshire 2030 Profile	L3	0.200	0.000	0.410	0.320	0.730	0.930		Mixed-Asset Target Allocation Growth 1.31
LVIP Wilshire 2040 Profile	L4	0.200	0.000	0.430	0.310	0.740	0.940		Multi-Cap Core 1.33
LVIP SSgA International Index	L5	0.300	0.000	0.140	0.310	0.450	0.750		International Core 1.06
LVIP SSgA Bond Index	L6	0.300	0.000	0.260	0.170	0.430	0.730		Corporate Debt Funds BBB-Rated 0.98
LVIP Delaware Special Opportunities	L7	0.400	0.000	0.240	0.230	0.470	0.870		Mid-Cap Value 1.36
SSgA Russell 1000 Value Index	L8	0.500	0.000	0.000	0.060	0.060	0.560		NA
SSgA Russell 1000 Growth Index	L9	0.500	0.000	0.000	0.060	0.060	0.560		NA
SSgA S&P MidCap Index	LA	0.500	0.000	0.000	0.060	0.060	0.560		NA
SSgA Russell Small Cap Value Index	LB	0.500	0.000	0.000	0.060	0.060	0.560		NA
SSgA Russell Small Cap Growth Index	LC	0.500	0.000	0.000	0.060	0.060	0.560		NA
SSgA Real Asset	LD	0.500	0.000	0.000	0.300	0.300	0.800		NA
BlackRock Global Allocation	LE	0.050	0.250	0.250	0.720	1.220	1.270		NA
BlackRock Equity Dividend	LF	0.050	0.250	0.250	0.500	1.000	1.050		NA
BlackRock Large Cap Growth	LG	0.050	0.250	0.250	0.810	1.310	1.360		NA
Small Cap Equity Index ETF	LH	0.500	0.000	0.000	0.160	0.160	0.660		NA
International Equity Index ETF	LJ	0.500	0.000	0.000	0.350	0.350	0.850		NA
Large Cap Equity Index ETF	LK	0.500	0.000	0.000	0.130	0.130	0.630		NA
401k Toolbox [®] Managed Conservative to Stadion Managed Conservative	TC	0.600	0.000	0.000	0.000	0.000	0.600		NA
401k Toolbox [®] Managed Conservative to Stadion Managed Moderate	TM	0.600	0.000	0.000	0.000	0.000	0.600		NA
401k Toolbox [®] Managed Conservative to Stadion Managed Growth	TG	0.600	0.000	0.000	0.000	0.000	0.600		NA

¹Lincoln National Life is the investment advisor of the following separate accounts (SA11, 12, 14, 17, 20, 21, 22, 23, 24, 28, 30, 32). Delaware Investments is a wholly owned subsidiary and a member of Lincoln Financial Group. Delaware is the subadvisor on SA11, 12, 20, 21, 22, 23, 24, 30 and 32. SA17 is subadvised by T. Rowe Price, and SA28 is subadvised by Wells Fargo. Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its affiliates. Delaware Management Holdings, Inc. is an affiliate of Lincoln Financial Group.

²Lincoln charges each fund a separate Investment Management Fee (IMF). The fee can be quite low (for example 0.05% for the BlackRock Aurora) or comparatively high (0.975% for International Equity). Lincoln will receive a lower IMF if the mutual fund provides 12b-1 or other revenue sharing paid to Lincoln.

³The underlying investments in the separate accounts can consist of either mutual funds or separately managed

accounts. If it is a mutual fund, the underlying operating cost of the fund is listed. The operating cost is from the fund's prospectus at a certain point in time and updated on a periodic basis. Separate Accounts TC, TM, TG are used only in the PFMF Satellite portion of their managed account program. These are neither mutual funds nor separately managed accounts. Rather, they invest directly into a variety of ETFs.

⁴This is the total investment fee paid from the assets by the plan with the investment management fee plus the operating expense of the underlying investment added together.

⁵Some of the funds pay Lincoln a 12b-1 fee. As a general rule of thumb, the higher the 12b-1 or Sub-TA revenue received by Lincoln, the lower the IMF Lincoln charges. Thus, the fee for each fund is somewhat equalized where one fund is not generating substantially more revenue to Lincoln than another fund.

⁶Ibid.

⁷Some funds are not mutual funds but are managed accounts. In these cases, Lincoln will generally "subadvise" the management of the fund to an outside entity and pay that entity a subadvisory fee.

⁸Source: [Lipper Expense Ratio; Morningstar & Lipper Data as of March 31, 2009](#). If a particular fund did not clearly fit one of the Lipper categories, we put NA. This information can be used to compare the fees inside the Lincoln Separate Accounts to the Lipper average expense ratio.

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How to read and understand the chart

The footnotes should be reviewed to understand what each column represents. The best way to understand the chart and associated fees is to walk through a couple of examples. Let's look at the American Century VP Inflation Protection separate account #92. This is a separate account that invests in the American Century VP Inflation Protection mutual fund. That mutual fund has an underlying operating expense of approximately 0.49%. Through a Sub-TA agreement, Lincoln will receive 0.24% of this fee and American Century will keep 0.25%. The 0.24%, in addition to the IMF listed in the second column (0.35% for the American Century VP Inflation Protection separate account), is the revenue received by Lincoln. To better understand this, let's put it in dollars and cents. Suppose your plan has \$50,000 in the American Century VP Inflation Protection separate account. On an annual basis, the fee for this fund is

\$420 ($\$50,000 \times 0.84\%$). Lincoln will receive \$295 and American Century will receive \$125.

Let's now look at the High Yield Bond separate account #20. This fund is not a mutual fund. It is a managed account subadvised by Delaware Management. Assume your plan has \$50,000 in this fund. The fees being debited from the plan would be \$375 ($50,000 \times 0.75\%$). Of the \$375, Delaware Management will receive \$160 through the subadvised fee of 0.32% and Lincoln will receive \$215.

These are the fees, along with the asset charge and other expenses, that the plan fiduciary must review to determine if they are reasonable for the services rendered in the operation of the plan. Those services are summarized later in this document.

Other fees you may be paying

In addition to the above fund-related cost, there are other fees that you may be paying either directly or from the assets in the plan. They are a plan asset fee and administrative services/recordkeeping fees.

The asset fee is used primarily to pay for the distribution and selling cost of the plan and the cost to maintain these payments to our agents and other distribution partners. It may also be used to pay for a surrender charge that Lincoln absorbed when we first converted the plan over to our product. The surrender charge, if applicable, would have been assessed by your old service provider. Additionally, the asset charge may be used to pay for the recordkeeping and administrative services, and investment services mentioned later in this document. Administrative service/recordkeeping fees include such services as Form 5500 preparation, loan administration, compliance testing, plan document services, participant level recordkeeping, and other plan consulting services.

The administrative/recordkeeping fee is either being paid by you or from your plan participants' accounts to a Third Party Administrator (TPA) or to Lincoln if you are taking advantage of our full bundled service offering.

In many cases, the administrative service fees are paid, in part or whole, by the IMF, Sub-TA fees mentioned above, or the asset fee. If a plan sponsor pays these fees directly, then the plan will generally have a lower asset charge.

The Lincoln National Life Insurance Company group annuity contract issued to a plan sponsor will also include a contract specification page. This page clearly discloses the account charge or recordkeeping fee, the asset charge, and surrender or withdrawal fee (if any) as well as the investment management fee listed in the chart. The group annuity contract is the most comprehensive source of fee information that is unique to your contract and the best source of information regarding fees and fee disclosure. If you are a new client or a prospective client, your agent or broker will be able to help you with understanding all the fees associated with *Lincoln Director*SM through our proposal and internal sales support. Since the asset fee and plan administrative/recordkeeping fee are different for each plan, you will need to either ask your agent/intermediary about these fees or you can call your relationship manager at 800 248-0838 and we will be able to provide this information to you.

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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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. Optional features may be available for an additional charge. The annuity's value fluctuates with the market value of the underlying investment options and all assets accumulate tax-deferred. Withdrawals may carry tax consequences, including possible tax penalties.

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