

Lincoln Life & Annuity Company of New York

DISCLOSURE STATEMENT REGULATION 139 40.3

1. N/A The contract has no restrictions on deposit amounts or the timing of deposits for the life of the contract.
2. Section 4.01 - The contract owner has the right to discontinue the contract at any time. The discontinuance date will be no more than 60 days from the date of notice.

Section 4.02 - LNY may give You written notice that this contract is to be discontinued if:

- a. any charges billed to You have not been paid to us within 30 days; or
- b. the Plan ceases to meet the requirements of the Code sections specified by us for purchasers of this contract; or
- c. at any time following the end of the third Contract Year, the Contract Owner Account Value is less than \$15,000; or
- d. at any time following the end of the third Contract Year, there is no deposit activity for a 24 consecutive month period and the Contract Owner Account is less than \$50,000; or
- e. You fail to furnish requested information or other documentation; or
- f. LNY discovers any misrepresentation of material information.

The notice will specify a discontinuance date at least 90 days from the date of the notice.

3. Section 2.14, 2.15 and 2.16 - During the life of the contract, the following charges may be assessed: (see contract for complete wording)
 - a. Account Charge - [[\$15.00] annually [Only when the Participant Account is less than [\$50.00] and there has been no deposit activity for a consecutive twelve month period, an Account Charge of [\$15.00] will be deducted.]
 - b. Asset Charge - [0.0800%] monthly], [[0.2400%] quarterly], [[0.9600%] annually]
 - c. Contract Charge - [\$1,000.00] annually

Section 5.05 (b) and (c) - LNY has the right to amend these charges after two years or if there is a reduction in the contract value of 75% or more in any twelve month period.

4. Section 2.05 - Interest rates will be declared each quarter and made available reasonably in advance of that quarter. The interest rates credited will reflect the current economic conditions, investment yields in the corporate and government bond markets, and the overall yield of our general account. From the expected investment yields, LNY will deduct a provision for expected investment defaults, investment expenses, and a profit margin to determine the credited rates.

During the life of the contract, all deposits maintained in the Guaranteed Account will be credited interest daily at an interest rate that will not be less than the Guaranteed Account Minimum Interest Rate. Interest rates are declared quarterly and made available reasonably in advance of that quarter. Deposits received in any quarter will earn interest at the same declared new money rate for that quarter and the next three quarters. When deposits are beyond the initial four-quarter period, they will earn interest at the portfolio rate. The portfolio rate is declared for the coming quarter and is in effect only for that quarter.

5. Section 2.05 - The Guaranteed Account Minimum Interest Rate applies for the life of the contract.
6. Section 2.18 - During the life of the contract, the Contract Owner or Participants (if authorized by the Contract Owner) may transfer balances between the Separate Account Sub-accounts and the Guaranteed Account. Transfers from the Guaranteed Account are limited to 20% in a twelve month period. Any transfer in excess of the 20% is subject to the market value adjustment. See contract for complete wording.

Section 2.20 - During the life of the contract, withdrawal requests are allowed for such reasons such as death, disability and participant-initiated termination (see section 2.20 for complete listing) and the proceeds can be taken in cash or used to establish an annuity benefit under the contract as outlined in section 2.19. The Account Charge and any accrued Asset Charge will be deducted upon withdrawal of the entire participant account value.

Section 2.21 - During the life of the contract, withdrawal requests are also allowed for reasons such as plan termination, consolidation and merger (see section 2.21 for complete listing) and the proceeds are paid in cash. The Account Charge and any accrued Asset Charge will be deducted upon withdrawal of the entire participant account value. The Withdrawal Charge applies in addition to a Market Value Adjustment on any Guaranteed Account assets. If the reason will result in contract liquidation, the Contract Discontinuance provisions in Article 4 apply.

Section 4.05 - If the contract owner provides notice to discontinue the contract for any reason, the Guaranteed Account can be paid out in a lump sum payment or installments. (a) If the Guaranteed Account is to be paid out in a lump sum payment, the Account Charge, any accrued Asset Charge, the Contract Charge, Market Value Adjustment and Withdrawal Charges will be deducted. (b) If installments are chosen, the Guaranteed Account will be paid in six installments over 5 years. The timing and percentage of each installment payment will be as indicated in the Schedule of Systematic Transfers or Installments as shown below. After the initial date, assets remaining in the Guaranteed Account will continue to receive interest in the same manner as before installments began (see #4 above), however, in no event will the interest rate be less than 1.5% below the new effective rate of interest credited at the time of discontinuance. You may at any time after the initial date elect to receive the remaining balance of the Guaranteed Account in a lump sum, subject to the Market Value Adjustment. After the initial date no further deposits or withdrawals are allowed.

SCHEDULE OF SYSTEMATIC TRANSFER OR INSTALLMENTS:

<u>Payment Dates</u>	<u>Percentage Eligible for Transfer</u>
Initial Date	20% of the balance on such date
First Anniversary	20% of the balance on such date
Second Anniversary	25% of the balance on such date
Third Anniversary	33% of the balance on such date
Fourth Anniversary	50% of the balance on such date
Fifth Anniversary	100% of the balance on such date

Section 4.06 - The Separate Account will be paid out in a lump sum payment. The Account Charge, any accrued Asset Charge, the Contact Charge and Withdrawal Charges will be deducted.

7. Section 2.20 – If the Plan has assets invested outside this contract, LNY may limit cash distribution requests in direct proportion to the percentage that the balance of the Contract Owner Account represents of the total assets in the Plan.
8. Withdrawal or transfer requests from the Guaranteed Account are made on a last in first out (LIFO) basis.
9. Section 5.05 - LNY has the right to amend the contract as follows:
 - a. To maintain this contract under applicable local, state, or federal laws or regulations.
 - b. To change the following charges and fees as shown on the Contract Specifications: Account Charge, Asset Charge Percentage, Contract Charge and IMF Daily Factor any time after the end of the second Contract Year.
 - c. To change the following charges as shown on the Contract Specifications: Account Charge, Asset Charge Percentage, Contract Charge and Withdrawal Charges if a reduction in the Contract Owner Account of 75% or more occurs in any twelve month period.
10. N/A This contract is nonparticipating.
11. N/A The duration of the assets supporting the contract's liabilities will not affect the timing of withdrawals under the contract.
12. The Contract Owner is solely responsible for determining whether the contract is a suitable funding vehicle and should, therefore, carefully read the terms of the contract and this disclosure statement before entering into the contract.
13. LNY will maintain Participant Account Values for each Participant. You or your third party administrator is responsible to reconcile the contract.