

Lincoln DesignItSM Platform

How to illustrate MoneyGuard Market Advantage

This document shows you how to illustrate a MoneyGuard Market Advantage hypothetical. Select the scenario that best fits your goal and follow the steps to generate an illustration.

Helpful Tips Before You Get Started:

Face Amount – must be between \$50,000 and \$500,000 Rate of Return – must be between 0% and 12%

if funding at or above the No Lapse premium required, the policy will be designed to prevent lapse based on the duration specified in the solve objective.

Face Amount Options

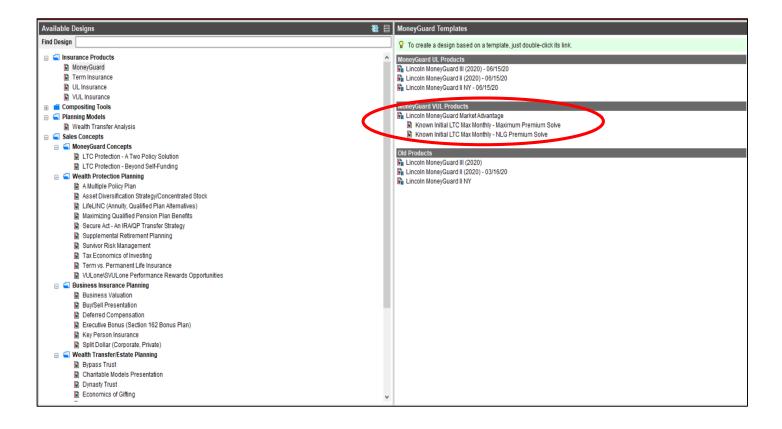
<u>Known Premium/ Optimize Overall Benefits</u> – This solve provides a balance between the guaranteed protections (LTC and Face Amount), while providing the opportunity for additional future funding capacity and upside growth potential. If selected, define the duration you want the guaranteed benefits to last in the "No Lapse Guarantee Period" field.

**NOTE – The illustration will indicate the monthly no-lapse premium required to keep the policy in force. Paying this premium will design the policy to prevent lapse.

<u>Minimize Face/ Max Premium Limits</u> — With a known premium amount, this solve will calculate the lowest initial face amount. This is a max fund design and will calculate the maximum premium that can be paid without violating premium limits.

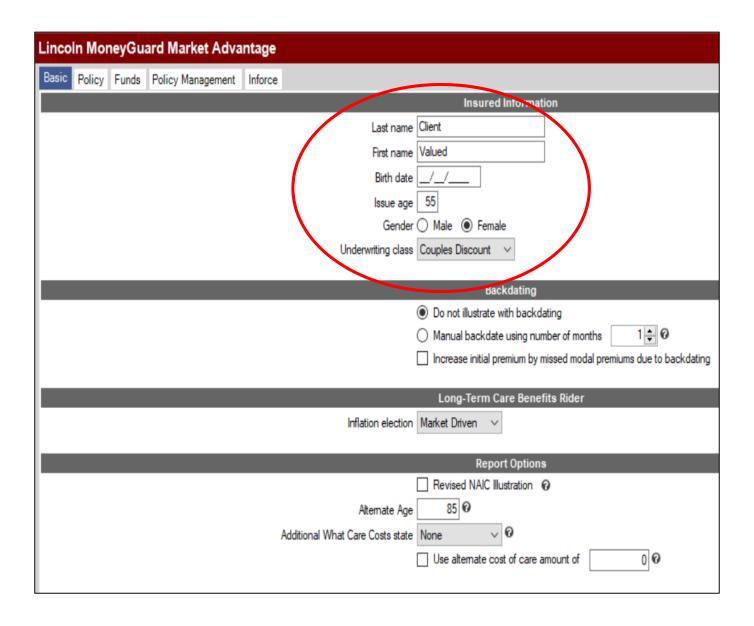
Getting Started

Select Lincoln MoneyGuard Market Advantage from the available templates.



Basic Tab

- Provide client info, including the first and last name, age and/or birth date, gender, and underwriting class (Couples discount if married, Standard if single).
- All other fields can be left at their default settings.



Scenario #1

I can pay X premiums of \$Y and want to optimize my benefits and LTC leverage.

Example: Client wants to pay 10 premiums of \$10,000 each.



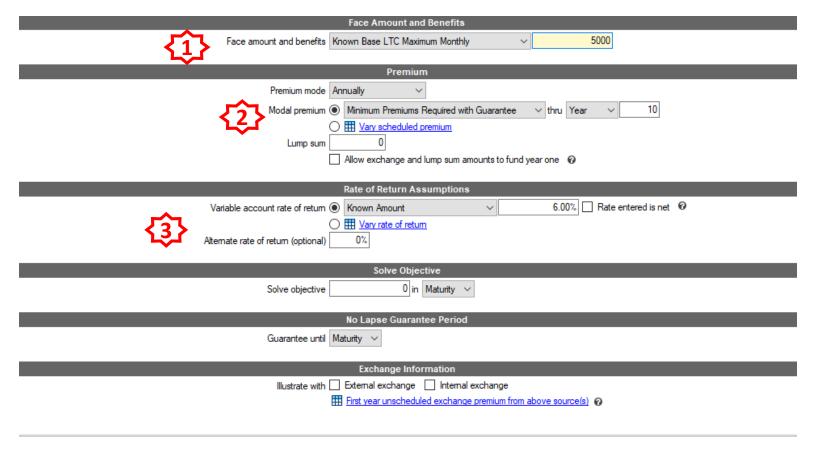
Policy Tab

- Select Known Premium/ Optimize Overall Benefits from the Face Amount drop down.
- 2. Select Known Premium Amount from the Modal premium drop down and fill in the amount and the number of years (i.e., \$10,000 thru year 10).
- 3. Rate of Return Assumptions Select Known Amount from the drop down and fill in the rate of return (i.e., 6%).
 - Optional Fill in an alternate rate of return to show in the same illustration.
- 4. Click Print or Preview Reports and select the required and optional reports.

Scenario #2

I want to be guaranteed \$X of initial monthly LTC. How much premium do I need to pay?

Example: Client wants a guaranteed \$5,000 per month of LTC and they would like to do a 10-pay.



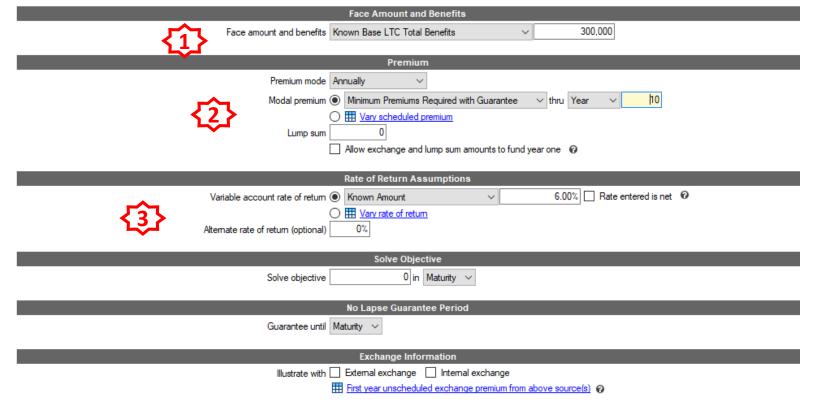
Policy Tab

- Select Known Base LTC Maximum Monthly and enter that desired value (i.e. \$5,000)
- 2. Select Minimum Premiums Required with Guarantee from the Modal Premium drop down and fill in the number of years to pay over (i.e., 10 years).
- 3. Rate of Return Assumptions Select Known Amount from the drop down and fill in the rate of return (i.e., 6%).
 - Optional Fill in an alternate rate of return to show in the same illustration.
- 4. Click Print or Preview Reports and select the required and optional reports.

Scenario #3

I want to be guaranteed \$X of initial total LTC. How much premium do I need to pay?

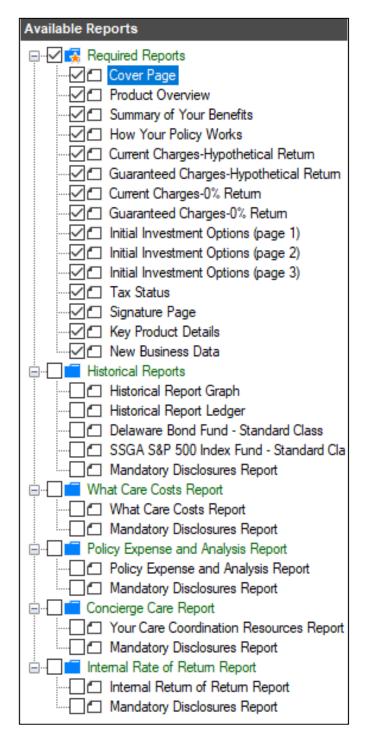
Example: Client wants an initial guaranteed LTC pool of \$300,000. They'd like to pay over 10 years.



Policy Tab

- Select Known Base LTC Total Benefits and enter that desired value (i.e., \$300,000).
- 2. Select Minimum Premiums Required with Guarantee from the Modal Premium dropdown and fill in the number of years to pay over (i.e., 10 years).
- 3. Rate of Return Assumptions Select Known Amount from the drop down and fill in the rate of return (i.e., 6%).
 - Optional Fill in an alternate rate of return to show in the same illustration.
- 4. Click Print or Preview Reports and select the required and optional reports.

Required and Optional Reports



- Check all boxes for Required Reports.
- Select any additional optional reports.
- Must include mandatory disclosure reports.

Historical Reports

- Only Available when specific funds are selected.
- Provides a historical breakdown of net returns in selected funds and how they would have influenced client benefits.

- What Care Costs Report

Shows average costs of care in the client's state.

Policy Expense and Analysis Report

- Breaks down policy fees and charges.

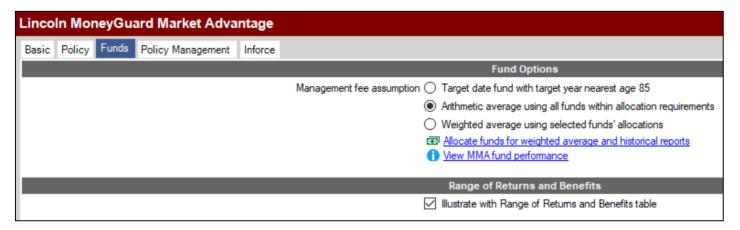
Concierge Care Report

 Details the complimentary LTC resources the client gets access to as a policyholder.

Internal Rate of Return Report

 Provides a yearly breakdown of policy benefits and their assumed rates of return from initial investment.

Fund Selection



Funds Tab

- Target date fund reflects a fund designed to stay aggressive in the early years, then shift to a more conservative allocation as they get closer to the target age of 85.
- Arithmetic average reflects a fund showing average annual growth based on your selected rate of return.

 Weighted average allows you to select specific funds which reflect growth based on historical returns (Must click "Allocate funds" link and select fund percentages adding up to 100%. At least 20% must be allocated in Tier 1

funds).

To select funds
 (required to
 produce Historical
 Report), click the
 blue link "Allocate
 funds for weighted
 average and
 historical reports"

 Total allocation must equal 100%.

