

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

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-force¹
- Death benefit proceeds to fund recruitment and training efforts to replace a key employee²
- Capital to replace profits or help settle any loans due or for other expenses as the company transitions²

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*® IUL (2019) 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.³

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 \$7,068 annual premium in all years	\$141,360 total premium
Key person protection	\$1 million death benefit
Cash value at age 65	\$157,928

Hypothetical example assumes a male, age 45, preferred nontobacco, \$1,000,000 level death benefit in the Plus Indexed Account of a protection indexed universal life insurance policy, \$7,068 annual premium paid in all years. Assumed rate of return of 5.67%. State of North Carolina. Assuming 1% and current charges, \$60,820 cash value at age 65 and policy lapses at age 86.

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.

³ Excluding dividends.

Why choose *Lincoln WealthPreserve*[®] IUL?



Guaranteed protection for long-term financial security



Flexibility for your changing needs with growth opportunities and access to cash value



Downside protection to help shield you from market losses



Added protection options that can provide living benefits



The strength of Lincoln Financial Group, which has remained committed to helping Americans plan for retirement, prepare for the unexpected and protect their wealth from taxes, long-term health costs, longevity, inflation and market risk for over 100 years



Talk with your financial professional about how *Lincoln WealthPreserve*[®] IUL (2019) can help with your business protection strategy.

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Important information

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All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.

It is possible coverage will expire when either no premiums are paid following the initial premium, or subsequent premiums are insufficient to continue coverage.

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