



Lincoln *New Directions*SM fixed indexed annuity

The nature of protection
takes a new direction

- ▶ **Growth potential** with multiple types of interest crediting accounts
- ▶ **Wealth preservation** through “locked-in” interest earnings and protection from losses
- ▶ **Income options**, including one guaranteed to last a lifetime
- ▶ **Protection** of a death benefit



*Lincoln New Directions*SM single premium fixed indexed annuity

Available for qualified (IRA and Roth IRA) and nonqualified money, as well as TSA transfers¹

\$10,000 minimum single premium

Maximum premium without prior home office approval:

\$2,000,000 for ages 0–65,

\$500,000 for ages 65+

Issue ages 0–85

Two indexed interest accounts

Fixed Account with initial multi-year guarantee period

Provides a Guaranteed Minimum Cash Surrender Value

Nursing home and terminal illness benefits available

Withdrawals from the contract (also known as policy) are subject to surrender charges and a Market Value Adjustment. See the current *Lincoln New Directions Facts-At-A-Glance* for details.

¹ There are no TSA loan provisions.

The nature of retirement and fixed indexed annuities

The concept of retirement is changing. Individuals are living longer, facing increasing costs, and addressing new challenges. Today's retirees are relying less on traditional retirement income sources than in the past and instead planning and creating their own retirement savings plan. A fixed indexed annuity can help address some of the challenges facing retirees by providing greater potential growth than many types of fixed interest products, yet with less risk than investment vehicles based on equities. By their very nature, fixed indexed annuities offer many advantages as a retirement savings vehicle.

What should you know about fixed indexed annuities?

A fixed indexed annuity is intended for retirement and other long-term financial needs. It's designed for individuals who have enough cash or other liquid assets to cover living expenses and unexpected emergencies, such as medical expenses. Since a fixed indexed annuity is not a registered security and does not participate directly in the stock market or any index, it is not an investment. It is an insurance product designed to help you prepare for your future.

Growth potential

How can tax deferral help?

*Lincoln New Directions*SM is a tax-deferred fixed indexed annuity, which allows for greater growth potential than a similar taxable fixed product. Your assets earn interest and do not impact your tax bill until they are withdrawn. With tax deferral:

- Your principal earns interest, and
- All of your interest earns interest

These advantages may help you to achieve your retirement goals. Withdrawals are subject to income tax and, if withdrawn before age 59½, may be subject to a 10% federal penalty tax. Withdrawals during the surrender charge period are also subject to surrender charges and a Market Value Adjustment.

What are my account choices?

Lincoln New Directions offers you multiple accounts with different interest crediting methods. You may choose how your money is allocated between three interest accounts:

- Fixed Account, offering an initial fixed interest rate guarantee period²
- Performance Triggered Indexed Account³
- 2-Year Point-to-Point Indexed Account

² Guarantees are backed by the claims-paying ability of The Lincoln National Life Insurance Company.

³ Not available for contracts issued in the state of Washington.

➤ Fixed Account

Can I get predictability and a multi-year guarantee?

*Lincoln New Directions*SM features a Fixed Account. Within this account:

- There is a fixed interest rate, stated in advance
- The rate remains fixed for multiple years² for predictable growth
- Money allocated to this account will always accumulate, regardless of any index performance

With the Fixed Account, fixed interest is credited and compounded daily, giving the Fixed Account steady, predictable accumulation. The fixed interest rate will be declared annually at the end of the interest rate guarantee period and will not be less than the guaranteed minimum fixed interest rate applicable for the contract year.⁴



⁴ Interest rates are declared by The Lincoln National Life Insurance Company at its discretion. Subsequent interest rates may be higher or lower than the initial ones and may differ from those used for new contracts.



Performance Triggered Indexed Account

- Provides the potential for greater growth than a fixed rate
- Minimizes the impact of index fluctuations on your credited rate
- Offers principal protection

Growth potential.

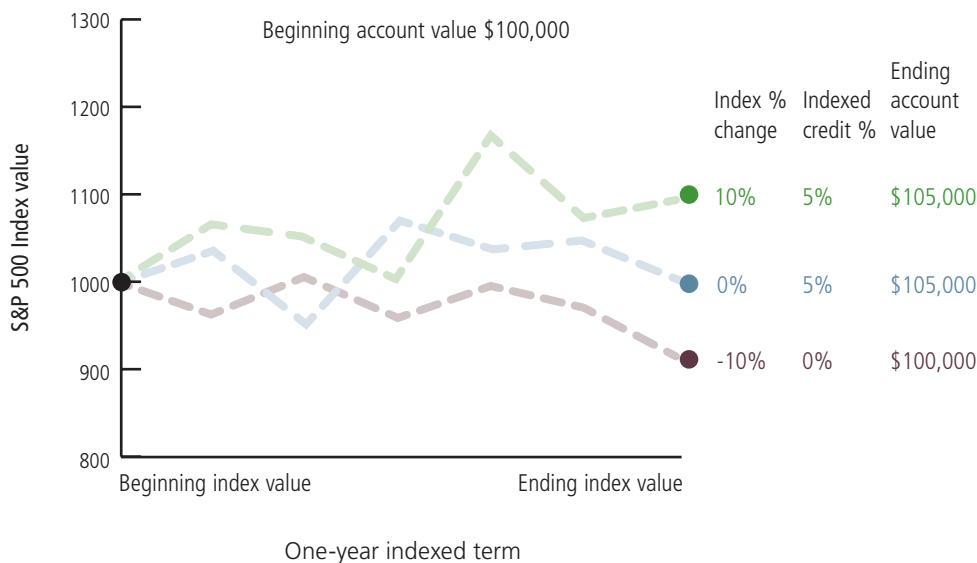
The Performance Triggered Indexed Account compares the value of the S&P 500 Index at the beginning and end of the one-year indexed term (also referred to as index term). If the percentage change of those two values is zero or positive, you'll receive a specified rate of indexed interest.

One-year S&P 500 Index percentage change

Negative	0+
0% is credited	Specified rate is credited

Wealth preservation.

If the difference is negative, your account is credited at 0%, protecting your principal. Regardless of what happens to the S&P 500 Index, you will never receive a negative rate on your money. In addition, with each indexed term, any interest earnings are "locked in." Because you do not participate directly in the S&P 500 Index, your account value will not be eroded by any subsequent index declines. This means that you will not need to rebound from poor index performance before you can benefit from positive index performance during subsequent indexed terms.



This hypothetical example assumes:⁵

- Performance Triggered Indexed Account with a specified rate of 5% for the one-year indexed term
- A \$100,000 account value at the beginning of the indexed term
- Beginning index value of 1000

Indexed interest is credited at the end of the indexed term and is compounded annually. A new specified rate is declared for each one-year indexed term, which can never be less than 2.5%.⁶

The Performance Triggered Indexed Account is not available for contracts issued in the state of Washington.

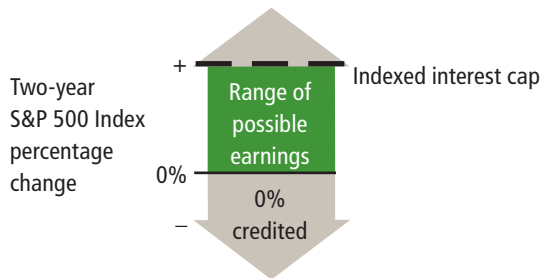
⁵ These rates are hypothetical and for illustration purposes only. Past performance of the S&P 500 Index is no guarantee of future changes in the S&P 500 Index or of future indexed interest earnings of *Lincoln New Directions*SM.

2-Year Point-to-Point Indexed Account

- Provides upside growth potential, up to a cap
- Protects principal
- Has the greatest growth potential, and the greatest potential of the other two accounts for crediting a lower rate

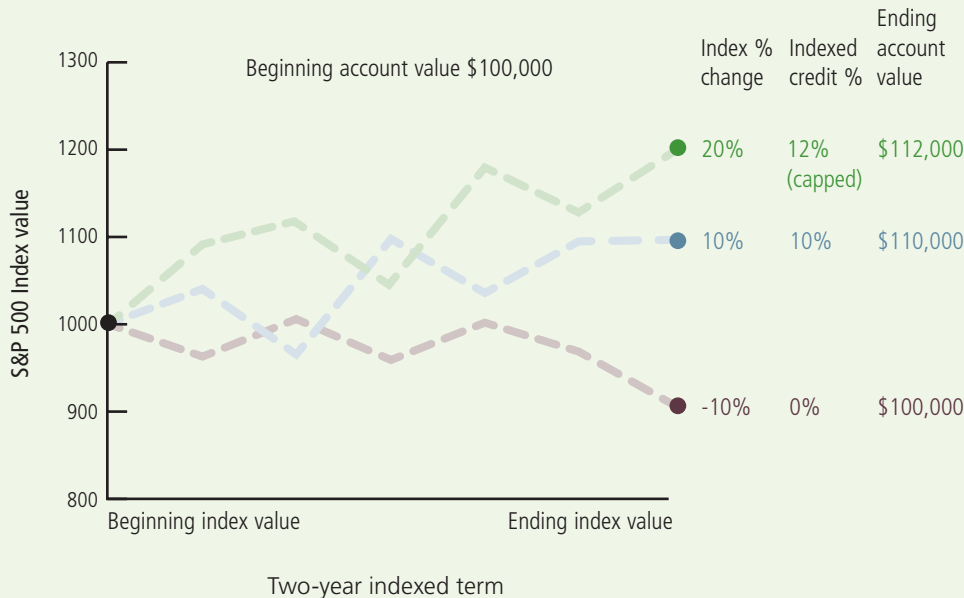
Growth potential.

With the 2-Year Point-to-Point Indexed Account, the value at the end of the two-year indexed term is compared to the value at the beginning of the indexed term. The percentage change of those two values determines what the account earns. If the percentage change is positive, the account will earn the full percentage change, up to an indexed interest cap.



Wealth preservation.

If, at the end of the two-year indexed term, the percentage change is negative, the account is credited at 0%, protecting your principal. In addition, with each indexed term, any interest earnings are “locked in.” Because you don’t participate directly in the S&P 500 Index, your account value will not be eroded by any subsequent index declines. This means that you will not need to rebound from poor index performance before you can benefit from positive index performance during subsequent indexed terms.



This hypothetical example assumes:⁵

- 2-Year Point-to-Point Indexed Account with an indexed interest cap of 12% for the two-year indexed term
- A \$100,000 account value at the beginning of the indexed term
- Beginning index value of 1000

An indexed credit percentage of 12% and 10% is equivalent to an annual effective interest rate of 5.83% and 4.88%, respectively, compounded over two years.

Indexed interest is credited at the end of the indexed term and compounded every two years. A new indexed interest cap is declared for each two-year indexed term and will never be less than 7%.⁶

⁶ Interest rates, specified rates, and indexed interest caps are declared by The Lincoln National Life Insurance Company at its discretion. Subsequent interest rates, specified rates, and indexed interest caps may be higher or lower than the initial ones and may differ from those used for new contracts or contracts issued at different times. The Lincoln National Life Insurance Company reserves the right not to offer the indexed accounts after the surrender charge period.

Is there opportunity for growth if the indexed accounts repeatedly earn 0%?

The Guaranteed Minimum Cash Surrender Value (GMCSV) is additional protection when you have minimal or no gains in your contract value (also known as accumulation value). If you surrender your contract, you will receive the greater of your actual contract value, less any applicable surrender charge and Market Value Adjustment, or the GMCSV. Withdrawals and surrender charges will affect the GMCSV and can result in the GMCSV being less than your premium. The GMCSV is based on a guaranteed minimum fixed interest rate, which ranges from 1% – 3% and varies by contract year. So as long as you leave your money in the contract until the end of the surrender charge period, you are guaranteed to receive no less than your premium⁷ with interest at the guaranteed minimum fixed interest rate, even if the indexed accounts repeatedly earn 0%.

⁷ Reduced by any applicable premium tax.



Income options

What if I need to access my money?

*Lincoln New Directions*SM offers a withdrawal provision in the event that you need access to your money:

- 10% of your contract value is available to you each contract year during the surrender charge period, without incurring charges. This is referred to as the 10% annual free withdrawal.
- If you are considering taking your 10% annual free withdrawal, you should place that portion of your money in the Fixed Account. Amounts withdrawn from an indexed account before the end of a term will not receive any interest for that term.
- Any withdrawals in excess of the 10% annual free withdrawal will be subject to applicable surrender charges and a Market Value Adjustment. Withdrawals are subject to income taxes and, if withdrawn before age 59½, a 10% federal penalty tax may apply.

What if I decide I need regular income?

There are several options for you to take income from your *Lincoln New Directions* contract.

Systematic withdrawals

You have the option of taking systematic withdrawals either annually, semiannually, quarterly, or monthly. Any systematic withdrawals must be taken from the Fixed Account.

Annuitization

You can annuitize your *Lincoln New Directions* contract after the second contract year, converting it to an income stream backed by The Lincoln National Life Insurance Company. You can annuitize a contract purchased in Florida after the first contract year. There are several annuitization options available, including one providing income for your lifetime.

Market Value Adjustment

What is it and when does it apply?

If you access more than the 10% annual free withdrawal before the end of the surrender charge period, it may be subject to surrender charges and a Market Value Adjustment (MVA). The MVA is a positive or negative adjustment, based on the current interest rate environment at the time of the surrender. The MVA does not apply to: withdrawals after the surrender charge period, 10% annual free withdrawals, the death benefit, annuitized contracts, and contracts issued in the state of Minnesota.



Protection

Does *Lincoln New Directions*SM offer death benefit protection?

Yes. *Lincoln New Directions* offers a death benefit, available before the contract is annuitized. Upon the death of a contractowner or annuitant, beneficiaries may receive the greater of the:

- Contract value, or
- Premium paid, minus any prior surrenders and surrender charges, accumulated at the guaranteed minimum fixed interest rate. This is also known as the Guaranteed Minimum Non-Surrender Value.

The death benefit is payable directly to the contract beneficiaries, which avoids the possible delays of probate. The death benefit is subject to any applicable taxes.

Can I access my money if my health becomes a concern?

Yes. *Lincoln New Directions* features nursing home and terminal illness benefits (provided through riders). These benefits offer access to your money without charges after the first contract year, if a contractowner meets one of the following conditions:

- First diagnosed with a terminal illness after the contract issue date; or
- Confined to a nursing home or hospital for at least 30 consecutive days, beginning after the first contract anniversary.

See the Disclosure Statement for necessary requirements and additional details. The nursing home benefit is not available for contracts issued in the state of Massachusetts.

Other *Lincoln New Directions*SM information

Contract issue: *Lincoln New Directions* fixed indexed annuity is issued four times a month. Interest is calculated and credited from the date the contract is issued. No interest is credited between the date the premium is received and the date the contract is issued.

Allocations: When you purchase *Lincoln New Directions* you can decide what whole percentages of your money to place in each account. Each year, after the contract anniversary date, during the 25-day reallocation period, you will be sent a Reallocation Notice along with your annual Statement of Account. Your Reallocation Notice will include the fixed interest rate, specified rate, and cap for each of the accounts available during the year. When you receive your notice, after the end of the indexed term, you may move your money between the available accounts prior to the end of the 25-day reallocation period. The reallocation will be effective as of the contract anniversary date.

Withdrawals: When you access money, withdrawals and any charges are deducted first from the Fixed Account. Any withdrawals taken from the Fixed Account will reduce the actual amount of interest credited. After the Fixed Account is exhausted, withdrawals and any charges are deducted pro-rata from the indexed interest accounts. If withdrawals are taken from an indexed interest account, the amount withdrawn will not receive any indexed interest for that term.

Right to cancel: You have a right to cancel your *Lincoln New Directions* annuity contract within 20 days after you receive your contract (state variations apply). To cancel your contract, send a written request for cancellation to The Lincoln National Life Insurance Company's home office. We will return your premium paid upon receipt of your written request. Canceling your contract voids it from the beginning. If you cancel your contract, you will not be permitted to purchase another Lincoln fixed annuity product for a period of six months.



A Lincoln®

A century of integrity

At Lincoln Financial Group, we have a 100-year-old heritage of helping people find solutions to their financial challenges. As one of the largest financial services companies in the nation, we are a proven industry leader in identifying and delivering sophisticated financial strategies and product solutions for the creation, protection, and enjoyment of wealth. We are committed to helping clients redefine their retirement because we don't believe retirement is an end — it's an opportunity for everyone to start doing what they were meant for all along.

The stability of The Lincoln National Life Insurance Company

A company's promises are only as strong as its reputation, integrity, and financial strength. The Lincoln National Life Insurance Company has consistently received high marks from independent evaluators including A.M. Best, Fitch, Moody's, and Standard & Poor's. These ratings apply to the claims-paying ability of the insurance company.

A.M. Best	A+ (2nd highest of 16)	"Excellent financial strength...strong ability to meet their ongoing obligations to policyholders."
Fitch	AA (3rd highest of 24)	"...reflects the company's long-standing competitive position."
Moody's	Aa3 (4th highest of 21)	"...offers excellent financial security."
Standard & Poor's	AA- (4th highest of 21)	"...a recognized leader in the high income market."

Ratings are as of 4/1/2006.

Important disclosures. Please read.

There is no additional tax deferral benefit for annuity contracts purchased in an IRA or other tax-qualified plan, since these are already afforded tax-deferred status. Therefore, an annuity should only be purchased in an IRA or qualified plan if the client values some of the other features of the annuity.

*Lincoln New Directions*SM single premium deferred annuity (contract form 94-523, or state variation) is a fixed indexed annuity issued by The Lincoln National Life Insurance Company and may not be available in all states (may be referred to as "equity indexed annuity" in certain states). The contract may be subject to a Market Value Adjustment. Contract may be referred to as "certificate" in certain states. The certificate is a group annuity certificate issued under a group annuity contract issued by The Lincoln National Life Insurance Company to a group annuity trust.

Waiver of Surrender Charges for Nursing Home Confinement Rider and Waiver of Surrender Charges for Terminal Illness Rider (form AE-119 and form AE-170, respectively, or state variation) may not be available in all states.

The exact terms of the annuity are contained in the contracts and any attached riders, which will control The Lincoln National Life Insurance Company's contractual obligations. For complete information about the annuity, please also read the Disclosure Statement and Facts-At-A-Glance, or contact your Lincoln National Life Insurance Company representative.

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The S&P 500 Index is a price index and does not reflect dividends paid on the underlying stocks.

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