



# The Lincoln National Life Insurance Company

(the "Company")

**A Stock Company**

**Home Office Location:** Fort Wayne, Indiana  
**Service Office Mailing Address:** The Lincoln National Life Insurance Company  
 100 North Greene Street  
 P.O. Box 21008  
 Greensboro, NC 27420-1008

The Lincoln National Life Insurance Company agrees to pay the Death Benefit Proceeds to the Beneficiary after receipt of Due Proof of Death that the Insured's death occurs while this Policy is In Force and to provide the other rights and benefits according to the terms of this Policy.

### Read this Policy Carefully

This is a legal contract between you and us. This Policy is issued and accepted subject to the terms set forth on the following pages, which are made a part of this Policy. In consideration of the application and the payment of premiums as provided, this Policy is executed by us as of the Policy Date at the Service Office Mailing Address listed above. Pay particular attention to the Policy Specifications as they are specific to you and may contain important terms and conditions.

### Right to Examine this Policy

You may return this Policy for any reason to the insurance agent through whom it was purchased, to any other insurance agent of the Company, or to us at the Service Office Mailing Address listed above within 20 days after its receipt. If returned, this Policy will be considered void from the Policy Date and we will refund, as of the date the returned Policy is received by us, the total premiums paid for this Policy including any fees or charges.

President

Secretary

Insured: FIRSTNAME1 Q TESTINSURED III

Policy Number: SPECIMEN

### INDIVIDUAL FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE POLICY

Death Benefit Proceeds are payable upon the death of the Insured while this Policy is In Force; the Death Benefit Proceeds may be increased or decreased. The Cash Surrender Value is payable upon surrender of this Policy. Flexible premiums are payable to the earlier of the Maturity Date or the Insured's death. Policy Values may increase or decrease as determined by declared interest rates, Monthly Administrative Fees, and Cost of Insurance Rates. Planned Premium payments and additional Riders and/or benefits are shown in the Policy Specifications. This Policy is non-participating; it is not eligible for dividends.

**For information or assistance regarding this Policy call: [800-487-1485]**

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## Summary of Policy Features

This summary is an overview of the important features and operations of your Policy. It is meant to give you a basic understanding of your Policy. Specific details regarding these features are only provided in the policy provisions and cannot be fully described in a summary. **This summary is not a substitute for reading the entire Policy carefully.**

**Flexible Premium Adjustable Life Insurance** This title is our generic name for universal life insurance. "Flexible premium" means that you may pay premiums by any method agreeable to us, at any time prior to the Maturity Date and in any amount subject to certain limitations. It is important to maintain the payment(s) of your Planned Premium, as shown in the Policy Specifications, in order to keep your Policy In Force. "Adjustable life insurance" means that after the first Policy Year, you, with our agreement, can change the death benefit to meet your changing needs.

**Coverage Duration** The duration of coverage will vary based upon changes in the amount, timing and frequency of your premium payments, changes to the coverage under your Policy and any Riders attached to your Policy, and the other factors described in the following sections.

**Policy Value** The Policy Value is where your premiums are applied and we deduct our charges for providing coverage from the Cash Surrender Value (Policy Value, less any applicable surrender charge, less Debt). We apply a charge to each premium you pay, and then apply the balance to the Policy Value. The Policy Value is the total of the Fixed Account Value plus the Collateral Account Value.

On a monthly basis, we deduct the cost of providing the coverage (the Cost of Insurance), the cost of any surrender charges due to any partial surrender or decrease in Specified Amount, and the cost of any additional benefits and/or Riders, and Monthly Administrative Fees. This charge is known as the Monthly Deduction and is deducted from the Fixed Account first. If the value in the Fixed Account cannot cover the cost of the entire charge, we will deduct the charge from the Collateral Account. We then credit interest to any difference remaining in the Fixed Account and Collateral Account.

The monthly Cost of Insurance and Administrative Fees are deducted from your Cash Surrender Value, or in the case of the Premium Load, against your premium before it is applied to the Policy Value. These charges are applied to cover the Company's cost of insurance and other expenses. These charges will be detailed in your Annual Report (Statement of Account).

Subject to the maximums and guarantees shown in the Policy Specifications, we may change the rates and charges that apply to your Policy based on certain contractually identified factors.

Simply put, premium and interest additions increase the Policy Value; our charges decrease the Policy Value. If additions exceed deductions, your Policy Value increases; if deductions exceed additions, your Policy Value decreases. If the Cash Surrender Value becomes so small that we cannot deduct an entire Monthly Deduction, your Policy may terminate; see, however, the "Grace Period" provision, the "No-Lapse Minimum Premium" provision, and any Riders attached to your Policy.

The length of time your Policy remains In Force will vary based on the following factors:

- The frequency, timing and/or amount of any premium payment(s).
- Policy changes such as loans, partial surrenders, increases or decreases in Specified Amount and the addition or removal of Riders.
- If the "No-Lapse Minimum Premium" provision is In Force and the No-Lapse Minimum Monthly Premium Test is met.
- Interest Credited to your Policy Value.
- Monthly Deductions.
- Riders attached to your Policy, if any.

**Interest Credited to Fixed Account** Do not assume that interest rates will remain constant for any extended period of time. We may change the interest credited, subject to the Guaranteed Minimum Fixed Account Interest Rate shown in the Policy Specifications.

**No-Lapse Minimum Premium** Your Policy provides for a “No-Lapse Minimum Premium” provision at no extra charge, which can ensure that your Policy will remain In Force during the Coverage Period even if the Cash Surrender Value is insufficient to cover the cost of a Monthly Deduction.

How does this provision work? Under the “No-Lapse Minimum Premium” provision, this Policy will not enter the grace period during the Coverage Period if the “No-Lapse Minimum Premium” provision is In Force and the No-Lapse Minimum Monthly Premium Test is met as described in the Policy Specifications.

**If this Policy terminates due to Lapse, the “No-Lapse Minimum Premium” provision will terminate and cannot be reinstated.**

**Monitoring Your Policy’s Performance** We will send you an Annual Report of your Policy to help you monitor Policy Values. Please review your Annual Report carefully and compare it to your objectives when you purchased this Policy. Ask your life insurance agent to explain anything you do not understand. You may need to adjust your premiums to achieve your insurance objectives. You may Request from us, at any time, an In Force illustration that will show future death benefits and Policy Values. We encourage you to Request an In Force illustration at least once each Policy Year, subject to the terms of the “Illustration of Benefits and Values” provision of this Policy. We are also available to answer your questions and assist you in making changes to your Policy.

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# Policy Specifications

Policy Number SPECIMEN

**Insured:** JOHN DOE **Issue Age and Sex:** 35 MALE  
**Premium Class:** STANDARD NON-TOBACCO  
**Owner:** JOHN DOE

**Maturity Date:** AUGUST 1, 2104. This date coincides with the Insured's Attained Age 121.

<b>Initial Specified Amount:</b>	\$100,000	<b>Policy Date:</b>	AUGUST 1, 2019
<b>Minimum Specified Amount:</b>	\$1,000	<b>Date of Issue:</b>	AUGUST 1, 2019
<b>Monthly Anniversary Day:</b>	01		

**Plan of Insurance:** INDIVIDUAL FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE

**NOTE:** This Policy provides life insurance coverage to the death of the Insured if sufficient premiums are paid. The duration of coverage will depend on the amount, timing, and frequency of premium payments, Premium Loads, interest credited, Cost of Insurance, Administrative Fees, any loans or partial surrenders and the cost of additional benefits. The Planned Premium may need to be increased to keep this Policy and the coverage In Force.

**Premium Payments:** Planned Premium: \$900.00  
Premiums payable until the Maturity Date.  
Additional premium payments may vary by frequency or amount.

**Payment Mode:** ANNUALLY

**Minimum Additional Premium Payment Amount:** No premium payment may be less than \$200.00 Annually or \$15.00 if paid by electronic funds transfer.

**Beneficiary:** As named in the application for this Policy, unless later changed.

**Guaranteed Minimum Fixed Account Interest Rate:** 1.00% annual effective rate (0.082954% monthly; 0.002726% daily) from the Policy Date to the Maturity Date.  
2.00% annual effective rate (0.246627% monthly; 0.008099% daily) after the Maturity Date.

## Policy Specifications

Policy Number SPECIMEN

<b>Minimum Specified Amount Increase:</b>	\$1,000
<b>Maximum Attained Age for a Specified Amount Increase:</b>	Increases in Specified Amount not allowed after the Insured reaches Attained Age 85.
<b>Minimum Specified Amount Decrease:</b>	\$1,000
<b>Maximum Attained Age for a Premium Class Change:</b>	Changes not allowed after the Insured reaches Attained Age 100.

### Loan Information

<b>Minimum Loan Amount:</b>	\$10.00
<b>Minimum Loan Repayment Amount:</b>	\$25.00

### Loans

**Loan Interest Rate Charged:** 2.00% annual effective rate for Policy Years 1-10;  
1.00% annual effective rate for Policy Years 11 and thereafter.

**Collateral Account Credited Interest Rate:** 1.00% annual effective rate in all Policy Years.

### Partial Surrenders

<b>Partial Surrender Minimum Amount:</b>	\$500.00
<b>Partial Surrender Maximum Amount:</b>	Not to exceed the Cash Surrender Value less \$500.00

# Policy Specifications

Policy Number SPECIMEN

## Riders and Benefits Charges

### Accelerated Benefits Rider (ABR645)

### Overloan Protection Rider

Minimum Value Threshold:	95.00%
Maximum Value Threshold:	99.00%
Election Charge:	3.00%

Minimum Policy Years In Force:	15
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Minimum Attained Age:	75
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# Policy Specifications

Policy Number SPECIMEN

## Disability Waiver of Monthly Deduction Rider

### Schedule of Monthly Deduction Factors for Disability Waiver

The deduction for the Disability Waiver Rider is the product of the factor shown for the Attained Age of the Insured times the cost of insurance plus any administrative charges plus the cost of any additional benefits for that month.

<u>Rider Year</u>	<u>Attained Age</u>	<u>Monthly Factor</u>	<u>Rider Year</u>	<u>Attained Age</u>	<u>Monthly Factor</u>
1	35	6.30%	16	50	11.10%
2	36	6.50%	17	51	12.40%
3	37	6.80%	18	52	13.80%
4	38	7.10%	19	53	15.50%
5	39	7.30%	20	54	17.50%
6	40	7.50%	21	55	19.80%
7	41	7.50%	22	56	20.00%
8	42	7.50%	23	57	20.40%
9	43	7.50%	24	58	20.80%
10	44	7.50%	25	59	21.20%
11	45	7.70%	26	60	21.60%
12	46	8.10%	27	61	22.10%
13	47	8.60%	28	62	22.60%
14	48	9.20%	29	63	23.20%
15	49	10.00%	30	64	23.70%

## Policy Specifications

Policy Number SPECIMEN

### Table of Surrender Charges

See Surrender Provisions for an explanation of when this table will be used.

<u>Policy Year</u>	<u>Surrender Charge as of Beginning of Policy Year</u>
1	\$2,874.00
2	\$2,827.00
3	\$2,780.00
4	\$2,732.00
5	\$2,685.00
6	\$2,153.00
7	\$1,585.00
8	\$1,037.00
9	\$508.00
10 and later	\$0.00

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# Policy Specifications

Policy Number SPECIMEN

## Table of Expense Charges and Fees

The following expenses and fees are charged under this Policy:

### Premium Load

We will deduct a Premium Load from each premium payment. The Premium Load is calculated by multiplying each premium payment by the applicable percentage, which will not exceed the amounts shown below. After the Maturity Date, no further premium payments may be made.

10.00% for Policy Year(s) 1 and thereafter.

### Cost of Insurance

See the "Cost of Insurance" provision.

### Guaranteed Maximum Monthly Administrative Fee

The Monthly Administrative Fee equals (1) plus (2), where:

- (1) is a monthly charge of \$8.00 until the Maturity Date; and
- (2) is a monthly charge of \$0.182 per \$1,000 of Initial Specified Amount for 10 Policy Years.

The rate used to calculate the charge described in (2) above is based on the Insured's sex, Premium Class, and Issue Age. You will be notified of any additional Monthly Administrative Fee applicable to an increase in Specified Amount. A decrease in Specified Amount will have no effect on this Monthly Administrative Fee.

# Policy Specifications

Policy Number SPECIMEN

## Table of Guaranteed Maximum Cost of Insurance Rates

The monthly Cost of Insurance rates per \$1,000 of net amount at risk are based on the Insured's sex, Premium Class, Attained Age, and the Policy Year but will not exceed the rates shown in the table below in accordance with the Ultimate 2017 CSO Male/Female, Unismoke, age nearest birthday mortality table. If the Insured is in a rated Premium Class, the Guaranteed Maximum Cost of Insurance Rates shown in the table below will be adjusted to reflect the applicable Risk Factor and/or Flat Extra Monthly Insurance Cost, if any, shown in the Policy Specifications and described in the "Cost of Insurance Rates" provision.

<u>Policy Year</u>	<u>Monthly Rate</u>	<u>Policy Year</u>	<u>Monthly Rate</u>	<u>Policy Year</u>	<u>Monthly Rate</u>
1	0.11424	31	0.89102	61	23.37872
2	0.12509	32	0.98280	62	25.34288
3	0.13510	33	1.07972	63	27.50320
4	0.14679	34	1.18520	64	29.93855
5	0.15847	35	1.30347	65	32.62173
6	0.17183	36	1.44137	66	35.52075
7	0.18435	37	1.60492	67	38.34193
8	0.19521	38	1.79597	68	41.25059
9	0.20022	39	2.01723	69	44.19525
10	0.20607	40	2.26637	70	47.11985
11	0.21191	41	2.54019	71	49.95900
12	0.21776	42	2.83633	72	52.64655
13	0.22277	43	3.15587	73	56.64956
14	0.22862	44	3.50426	74	61.08167
15	0.23447	45	3.89660	75	66.01938
16	0.24450	46	4.34484	76	71.55390
17	0.25787	47	4.86386	77	77.81151
18	0.27375	48	5.43719	78	78.36369
19	0.29214	49	6.15319	79	78.91587
20	0.31304	50	6.98107	80	79.46805
21	0.33813	51	7.94388	81	80.02023
22	0.36657	52	9.06066	82	80.57241
23	0.39921	53	10.33802	83	81.12459
24	0.43604	54	11.78270	84	81.67677
25	0.47960	55	13.34948	85	82.22895
26	0.52904	56	15.02480	86	82.78113
27	0.58689	57	16.75714	87 and later	0.00000
28	0.65150	58	18.50019		
29	0.72455	59	20.24352		
30	0.80522	60	21.89612		

# Policy Specifications

Policy Number SPECIMEN

## Corridor Percentages Table

### Death Benefit Qualification Test: Guideline Premium Test

See the "Death Benefit Proceeds" provision and "Income Tax on Death Benefits" provision for an explanation of how this table will be used.

<u>Insured's Attained Age</u>	<u>Corridor Percentage</u>	<u>Insured's Attained Age</u>	<u>Corridor Percentage</u>
35	250%	70	115%
36	250%	71	113%
37	250%	72	111%
38	250%	73	109%
39	250%	74	107%
40	250%	75	105%
41	243%	76	105%
42	236%	77	105%
43	229%	78	105%
44	222%	79	105%
45	215%	80	105%
46	209%	81	105%
47	203%	82	105%
48	197%	83	105%
49	191%	84	105%
50	185%	85	105%
51	178%	86	105%
52	171%	87	105%
53	164%	88	105%
54	157%	89	105%
55	150%	90	105%
56	146%	91	104%
57	142%	92	103%
58	138%	93	102%
59	134%	94	101%
60	130%	95	100%
61	128%	and later	
62	126%		
63	124%		
64	122%		
65	120%		
66	119%		
67	118%		
68	117%		
69	116%		

## Policy Specifications

Policy Number SPECIMEN

### No-Lapse Minimum Premium

**Coverage Period** 5 Years

**No-Lapse Minimum Monthly Premium:** \$67.56

**No-Lapse Minimum Monthly Premium Test** – The No-Lapse Minimum Monthly Premium Test is met if (1) minus (2) minus (3) is greater than or equal to (4), where:

- (1) is the total premiums paid;
- (2) is the partial surrenders taken;
- (3) is any Debt; and
- (4) is the cumulative No-Lapse Minimum Monthly Premiums due.

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## Definitions

**Attained Age (Age)** The Insured's Issue Age plus the number of completed Policy Years that have elapsed since the Policy Date. The Insured's Attained Age increases by one on each Policy Anniversary. For purposes of this Policy, the Insured's Attained Age increase will always occur on the Policy Anniversary regardless of when the Insured's actual birthday occurs.

Example: If the Insured's Issue Age was 35 on a Policy Date of August 1, 2018, and the Policy has completed 5 Policy Years on August 1, 2023, the Insured would be Attained Age 40.

**Beneficiary** The person(s) or entity(ies) named in the application for this Policy, unless later changed as provided for by this Policy, to whom we will pay the Death Benefit Proceeds.

**Cash Surrender Value** Policy Value on the date of surrender or partial surrender, less any Debt, and less any applicable surrender charge shown in the Table of Surrender Charges in the Policy Specifications.

**Cash Value** Policy Value less any applicable surrender charge shown in the Table of Surrender Charges in the Policy Specifications.

**Collateral Account** The portion of the Policy Value that secures the principal of any loan taken from this Policy, and is credited with interest daily as explained in the "Credited Interest Rates" provision. The Collateral Account Interest Rate is shown in the Policy Specifications. Please refer to the "Policy Value" provision.

**Cost of Insurance** The monthly cost of providing life insurance under this Policy.

**Date of Issue** The date from which Suicide and Incontestability periods are measured. The Date of Issue is shown in the Policy Specifications.

**Death Benefit Proceeds** The amount payable upon the Insured's death as described in the "Death Benefit Proceeds" provision.

**Debt** The total amount of any outstanding loans against this Policy, including loan interest accrued but not yet charged. On any day, Debt is equal to the principal of the loan plus accrued interest on the loan.

**Due Proof of Death** A certified copy of an official death certificate, a certified copy of a decree of a court of competent jurisdiction as to the finding of death, or any other proof of death satisfactory to us.

**Evidence of Insurability** Evidence satisfactory to us related to the health, lifestyle, and financial and other circumstances that may impact the insurability of the Insured.

**Fixed Account** This account is part of the Policy Value and is credited with interest daily as explained in the "Fixed Account Interest Rate" provision. The Guaranteed Minimum Fixed Account Interest Rate is shown in the Policy Specifications. Please refer to the "Policy Value" provision.

**Guideline Premium** If the Guideline Premium Test is elected as the Death Benefit Qualification Test, the applicable premium limit used for this Policy to continue to qualify as Life Insurance under the Internal Revenue Code Section 7702.

**In Force** Not terminated for any reason.

**Insured** The person whose life is insured under this Policy.

**Irrevocable Beneficiary** A Beneficiary named by you as irrevocable. Any Beneficiary that you designate as irrevocable must provide consent for you to exercise certain ownership rights as specified in this Policy.

**Issue Age** The Insured's age nearest birthday on the Policy Date.

Example: If the Policy Date is August 1, 2018, and the Insured's birthdate is August 30, 1983, the Insured's nearest birthday is August 30, 2018 and as such, the Insured's Issue Age would be age 35.

**Lapse** Terminate without value.

**Maturity Date** The date (as shown in the Policy Specifications) on which, if this Policy is In Force, the policy changes described in the "Continuation of Coverage After the Maturity Date" provision will take place. Refer to the "Continuation of Coverage After the Maturity Date" provision for details.

**Monthly Anniversary Day** The same day in each month as the Policy Date on which we deduct the Monthly Deduction.

**Monthly Deduction** The amount deducted on each Monthly Anniversary Day from the Cash Surrender Value for certain expenses and the Cost of Insurance, as described in the "Monthly Deduction" provision.

**Net Premium** The portion of a premium payment, after deduction of an amount not to exceed the Premium Load as described in the Policy Specifications, allocated to the Policy Value. See the "Net Premium" provision.

**Notice, Election, Request** With respect to any notice, election or request to us, this term means a written form of communication satisfactory to us and received at our Service Office. We retain the right to agree in advance to accept communication by telephone or some other form of transmission, in a manner we prescribe. We will not be responsible for any action we take or allow before we receive a communication at our Service Office. With respect to any notice, election or request from us to you or any other person, this term means a written form of communication by ordinary mail to such person at the most recent address in our records. If agreed to in advance by you, we may also send communication to you by some other form of transmission.

**Owner** The person(s) or entity(ies) shown in the Policy Specifications who may exercise rights under this Policy, unless later changed as provided for by this Policy. If no Owner is designated in the Policy Specifications, the Insured will be the Owner.

**Policy Anniversary** The same month and day as the Policy Date for each succeeding year this Policy remains In Force.

**Policy Date** The date (as shown in the Policy Specifications) on which life insurance begins if the necessary premium has been paid. This is also the date from which Monthly Anniversary Days, Policy Anniversaries, Policy Years, Policy Months and premium due dates are determined.

**Policy Month** The period from one Monthly Anniversary Day up to, but not including, the next Monthly Anniversary Day.

**Policy Specifications** The pages of this Policy which show your benefits, premiums, costs, and other policy information.

**Policy Value** Equals the total of the Fixed Account Value plus the Collateral Account Value as defined in the "Policy Value Provisions".

**Policy Year(s)** The one year period beginning on the Policy Date and ending one day before the Policy Anniversary and each subsequent one year period beginning on a Policy Anniversary.

Example: If the Policy Date is August 1, 2018, the first Policy Year ends on July 31, 2019. The first Policy Anniversary falls on August 1, 2019.

**Premium Class** The Insured's classification under this Policy, determined by our underwriting evaluation, as shown in the Policy Specifications.

**Service Office** Our principal place of business as shown on Page 1.

**Specified Amount** The amount you chose which is used to determine the amount of death benefit and the amount of Rider benefits, if any. The Minimum Specified Amount allowable under this Policy and the Specified Amount at issue ("Initial Specified Amount") are shown in the Policy Specifications. The Specified Amount may be increased or decreased as described in this Policy.

**We, our, us** The Company.

**You, your** The Owner(s) of this Policy.

## The Contract

**Entire Contract** This Policy, the application for this Policy, and any Amendment(s), Endorsement(s), Rider(s), and supplemental application(s) that may be attached are the entire contract between you and us. All statements made in the application will, in the absence of fraud, be deemed representations and not warranties. We will not use any statement to contest this Policy unless it is contained in the application and a copy of the application is attached to this Policy when issued.

**Changes to Contract Terms** Only an authorized Officer of the Company may make or modify the terms of this Policy or any of its Amendment(s), Endorsement(s), or Rider(s). Any such changes must be provided in a Notice in order to be effective.

**Non-participating** This Policy is non-participating; it is not eligible for dividends.

**Misstatement of Age or Sex** If the date of birth or sex of the Insured is misstated, we will adjust the Death Benefit Proceeds to the amount that would have been provided by the most recent Cost of Insurance deduction at the correct Issue Age and sex. The Policy Value will not be affected.

**Incontestability** Except for nonpayment of premium, this Policy will be incontestable after it has been In Force for 2 years from the Date of Issue shown in the Policy Specifications. This means that we will not use any material misstatement in the application to challenge a claim or contest liability after that time.

Any increase in the Specified Amount effective after the Date of Issue will be incontestable only after such increase has been In Force for 2 years. The basis for contesting an increase in Specified Amount will be limited to material misrepresentations made in the supplemental application for the increase.

If this Policy is reinstated, the basis for contesting after reinstatement will be:

- a. limited to the remainder of the original contestable period, if any, for material misrepresentations made in the original application; and
- b. limited for a period of 2 years from the date of reinstatement for material misrepresentations made in the reinstatement application.

## Ownership

**Rights of Owner** While the Insured is living, except as provided below and subject to any applicable state law, you may exercise all rights under this Policy including, but not limited to, the right to:

- a. return this Policy under the "Right to Examine this Policy" provision;
- b. surrender this Policy;
- c. agree with us to any change in or amendment to this Policy;
- d. transfer all your rights to another person or entity;
- e. change the Beneficiary (unless you specifically Request not to reserve this right);
- f. assign this Policy;
- g. effect a loan;
- h. effect a partial surrender; and
- i. effect a reinstatement.

You must have the consent of any assignee recorded with us to exercise your rights under this Policy. You may exercise your rights subject to the consent of any Irrevocable Beneficiary, subject to any applicable law.

Unless provided otherwise, if you are not the Insured and you die before the Insured, all your rights under this Policy will transfer and vest in your executors, administrators or assigns.

**Transfer of Ownership** You may transfer all your rights under this Policy by submitting a Request. The Request does not need to be signed by the Beneficiary unless you have designated an Irrevocable Beneficiary. You may revoke any transfer prior to it being recorded by us by submitting a Request. A transfer of ownership, or a revocation of transfer, will not take effect until recorded by us. Once we have recorded the transfer or revocation of transfer, unless otherwise specified by you, it will take effect as of the date of the latest signature on the Request. On the effective date of transfer, the transferee will become the Owner and will have all the rights and be subject to the limitations of the Owner as described under the "Rights of Owner" provision of this Policy. Unless you direct us otherwise, a transfer will not affect the interest of any Beneficiary designated prior to the effective date of transfer.

**Assignment** Assignment of this Policy must be submitted by Request and will take effect as of the date the assignment is signed. We will not be responsible for any action we take or allow before we receive a communication at our Service Office. We will not be responsible for the validity or sufficiency of any assignment. While an assignment is in effect, to the extent provided under the terms of the assignment, an assignment will:

- a. transfer the interest of any designated transferor; and
- b. transfer the interest of any Beneficiary, if you have reserved the right to change the Beneficiary.

### **Some Important Things You Should Do**

- a. Provide us with any change in your mailing address in a timely manner.
- b. Pay sufficient premiums on time to keep your Policy In Force.
- c. Notify us of any change in Beneficiary.

## **Beneficiary**

**Beneficiary** You may designate one Beneficiary or more than one Beneficiary. If you designate more than one Beneficiary, any Death Benefit Proceeds payable will be paid in equal shares to the survivors in the appropriate Beneficiary class, unless you Request otherwise. If no Beneficiary is alive when the Death Benefit Proceeds become payable or in the absence of any Beneficiary designation, Death Benefit Proceeds will transfer and vest in you or in your executors, administrators or assigns.

**Change of Beneficiary** While the Insured is alive, you may change the Beneficiary by submitting a Request. Any change will take effect as of the date the Request is signed subject to any payments we make or other actions we take before we receive it. The Insured need not be living when the requested change is recorded at our Service Office, however the requested change must be delivered to us prior to the death of the Insured. The Beneficiary does not have to sign the Request unless you have designated an Irrevocable Beneficiary.

## **Insurance Coverage and Death Benefit Provisions**

**Dates of Coverage** The dates of coverage under this Policy will be as follows:

- a. For all coverages provided in the original application, the effective date of coverage will be the Policy Date provided the initial premium has been paid and the Policy has been accepted by you (1) while the Insured is living and (2) prior to any change in the health of the Insured or any other factor affecting insurability of the Insured as represented in the application for this Policy.
- b. For any increase, decrease, or addition to coverage, the effective date of coverage will be the Monthly Anniversary Day on or next following the day we approve the application for the increase, decrease, or addition to coverage, and the first month's Cost of Insurance for the increase, if applicable, is deducted as described in the "Increases in Specified Amount" provision, provided the Insured is living on such day.
- c. For any insurance that has been reinstated, the effective date of coverage will be the date as described in the "Reinstatement" provision.

**Termination of Coverage** All coverage under this Policy terminates on the first of the following to occur:

- a. a full surrender of this Policy;
- b. the Insured's death; or
- c. failure to pay the amount of premium necessary to avoid termination before the end of any applicable grace period.

No action by us after this Policy has terminated, including any Monthly Deduction made effective after termination of coverage, will constitute a reinstatement of this Policy or waiver of the termination. Any such deduction will be refunded.

**Death Benefit Proceeds** If the Insured dies while this Policy is In Force and upon Notice of Claim, we will pay Death Benefit Proceeds equal to the greater of:

- a. the Specified Amount on the Insured's date of death, less any Debt; or
- b. an amount equal to the Policy Value on the date of the Insured's death multiplied by the applicable percentage shown in the Corridor Percentages Table in the Policy Specifications, less any Debt.

**Notice of Claim** You or someone on your behalf should provide us with Notice of Due Proof of Death within 30 days or as soon as reasonably possible after the death of the Insured.

**Income Tax on Death Benefits** This Policy is intended to qualify as life insurance under the Internal Revenue Code so that the Death Benefit Proceeds will not be taxable as income to the Beneficiary(ies). To do so, this Policy must qualify under one of two tests, the Cash Value Accumulation Test or the Guideline Premium Test, as defined in the Internal Revenue Code Section 7702. The Death Benefit Qualification Test for this Policy is shown in the Policy Specifications and cannot be changed. Unless you elect otherwise when applying for this Policy, the Death Benefit Qualification Test will be the Guideline Premium Test.

**Suicide** If the Insured commits suicide, whether sane or insane, within 2 years from the Date of Issue, the Death Benefit Proceeds will be limited to a refund of the premiums paid less any Debt and any partial surrenders.

If the Insured commits suicide, whether sane or insane, within 2 years from the date of any increase in the Specified Amount, the Death Benefit Proceeds with respect to such increase will be limited to a refund of the monthly charges paid for the cost of the increase in the Specified Amount.

**Method of Payment** Upon the Insured's death while the Policy is In Force, Death Benefit Proceeds may be paid in a lump sum or left with us for payment under a settlement option that we make available.

**Interest on Death Benefit** We will pay interest on any Death Benefit Proceeds payable only as required by applicable law.

**Continuation of Coverage After the Maturity Date** Unless otherwise agreed to by you and us, if this Policy is In Force at the Maturity Date (but not in the grace period), no further premium payments will be allowed and we will:

- a. Continue to credit interest as described in the "Fixed Account Interest Rate" provision;
- b. No longer charge Monthly Deductions under this Policy;
- c. Not allow any changes to the Specified Amount;
- d. Allow loans and partial surrenders to be taken. Loan interest rates will apply as shown in the Policy Specifications and loan repayments can continue to be made. You may repay all or part of a loan at any time while this Policy is In Force; and
- e. Continue this Policy In Force until it is surrendered or the Death Benefit Proceeds become payable.

This provision will not continue any Rider attached to this Policy beyond the date for such Rider's termination, as provided in the Rider.

If this Policy is in the grace period at the Maturity Date, you will need to pay the minimum amount required to remove this Policy from the grace period in order to guarantee continuation of this Policy beyond the Maturity Date.

**With regard to the changes in benefits detailed under this provision, there is some uncertainty whether this Policy would continue to qualify as life insurance in the year this Policy reaches the Maturity Date. There is also some uncertainty whether you would be viewed as constructively receiving the Policy Value at any time when this Policy's Cash Value is equal to the death benefit. You should consult a tax advisor concerning these issues.**

## **Changes in Insurance Coverage**

Upon your Request while the Insured is living, the insurance coverage may be changed as described in this section.

Changes in insurance coverage will be effective on the Monthly Anniversary Day on or next following the date we approve your Request for the change, unless another date acceptable to us is requested.

**Increases in Specified Amount** Upon your Request and subject to Evidence of Insurability, the Specified Amount may be increased after the first Policy Year. The Minimum Specified Amount Increase and the Maximum Attained Age for a Specified Amount Increase are shown in the Policy Specifications. You will be notified of any additional Monthly Administrative Fees, Cost of Insurance, and Surrender Charges applicable to an increase in Specified Amount as explained in the "Surrender Charge" provision.

**Decreases in Specified Amount** Upon your Request, the Specified Amount may be decreased any time after the first Policy Year and prior to the Maturity Date. The Minimum Specified Amount Decrease is shown in the Policy Specifications. The Specified Amount may not be decreased below the Minimum Specified Amount shown in the Policy Specifications. At least 12 months must elapse after an increase before a decrease in Specified Amount can be made, and a decrease is only allowed once per 12 month period. Any decrease in Specified Amount will be deducted in the following order: (a) from the most recent Specified Amount increase, if any; (b) successively from the next most recent Specified Amount increase, if any; and (c) from the Initial Specified Amount. A surrender charge will be applied as specified in the "Surrender Provisions". Please note that we will not allow a decrease in Specified Amount below the minimum Specified Amount required amount to maintain the qualification of this Policy as life insurance under the Internal Revenue Code.

**Premium Class Changes** Premium Class changes (such as a change in Tobacco User status) may occur upon your Request at any time after the first Policy Year, subject to Evidence of Insurability, and prior to the Maximum Attained Age for a Premium Class change as shown in the Policy Specifications.

**Rider and/or Benefit Additions** If available, and subject to any underwriting guidelines and Evidence of Insurability requirements, you may Request that Rider(s) and/or Benefits be added to this Policy after the Policy Date.

**Policy Split Prohibition** This Policy may not be split to create more than one individual life insurance policy on the life of the Insured.

## Premium Provisions

**Payment of Premiums** The initial premium is due on the Policy Date and is payable on or before delivery of this Policy. All subsequent premium payments may be paid at any time prior to the Maturity Date and in any amount, subject to the following provisions, unless otherwise agreed to by us by Notice. However, sufficient premium must be paid to keep this Policy In Force. Please see "Planned Premiums" provision below.

Premium payments, after the first, can be made as follows:

- a. Through prearranged withdrawals from a checking account or other designated account by contacting the Service Office; or
- b. Sent to any premium address designated by us.

Sufficient premium payments must be paid in order to keep this Policy In Force. A change in the frequency, timing and/or amount of any premium payment(s) may decrease or increase the length of time this Policy will remain In Force and additional premium payments may be required.

**Planned Premiums** You choose how much premium you will pay and the frequency of such payments (the Planned Premiums). The Planned Premium you elected is shown in the Policy Specifications. You may change the amount and frequency of premium payments. Changes in the amounts or frequency of such payments are subject to our approval. Any change in the planned premiums may impact the Policy Values and benefits. We will send premium reminder notices for the amounts and frequency of payments you establish. We reserve the right to stop sending reminder notices if no premium payment is made within 2 Policy Years.

**Additional Premiums** You may make additional premium payments in an amount no less than the Minimum Additional Premium Payment Amount as shown in the Policy Specifications at any time before the Maturity Date. We reserve the right to limit the amount or frequency of any additional premium payments in accordance with the "Compliance with the Internal Revenue Code" and "Modified Endowment" provisions. We also reserve the right to require Evidence of Insurability for any premium payment that would result in an immediate increase in the difference between the death benefit and the Policy Value. If Evidence of Insurability is not received, the premium, or any portion of the premium, may be returned. Your premiums are payable in United States currency. We will provide a premium receipt signed by an officer of the Company upon Request as required by the laws of the state in which this Policy is delivered. Any additional payment we receive will be applied as premium and not to repay any outstanding loans, unless you Request otherwise.

**No-Lapse Minimum Premium** During the Coverage Period, the Policy will not Lapse according to the “Grace Period” provision if this provision is In Force and the No-Lapse Minimum Monthly Premium Test is met. The No-Lapse Minimum Premium applicable during the Coverage Period and the No-Lapse Minimum Monthly Premium Test are shown in the Policy Specifications. The No-Lapse Minimum Monthly Premium is due on each Monthly Anniversary Day during the Coverage Period.

This provision will terminate on the earliest of the following:

- a. The end of the Coverage Period;
- b. The date this Policy terminates, even if later reinstated; or
- c. The date that continued payment of the No-Lapse Minimum Monthly Premium would result in this Policy failing to qualify as life insurance under the Internal Revenue Code. This could occur if a decrease in Specified Amount or removal of a Rider results in a decrease in the Guideline Premium.

Increases in Specified Amount for the Policy or any attached Rider, or the addition of Rider(s) may increase the amount of the No-Lapse Minimum Monthly Premium; however, any increase will not extend the length of the No-Lapse Minimum Monthly Premium Test. Decreases in Specified Amount, or the removal of Rider(s) will have no effect on the amount of the No-Lapse Minimum Monthly Premium.

**Catch Up Provision** If the “No-Lapse Minimum Premium” provision is In Force but the No-Lapse Minimum Monthly Premium Test is not met, you may satisfy the test requirements as shown in the Policy Specifications, by paying additional premiums.

**Premium Refund** Any premium paid after the beginning of the Policy Month of the Insured’s death will be refunded as part of the Death Benefit Proceeds, unless you request otherwise prior to our payment.

## **Grace Period, Continuation of Insurance and Reinstatement Provisions**

**Grace Period** This Policy will enter the grace period if on any Monthly Anniversary Day:

- a. The Cash Surrender Value is less than the required Monthly Deduction due on the Monthly Anniversary Day for the current Policy Month; and
- b. The No-Lapse Minimum Monthly Premium Test is not met during the Coverage Period (if the “No-Lapse Minimum Premium” provision is In Force) or the “No-Lapse Minimum Premium” provision has terminated.

If on any Monthly Anniversary Day, the “No-Lapse Minimum Premium” provision is In Force and the No-Lapse Minimum Monthly Premium Test is met, this Policy will not enter the grace period and will not be subject to termination under this provision.

We will allow a grace period of 61 days, beginning on the Monthly Anniversary Day this Policy enters the grace period, for payment of applicable required Net Premium as follows:

1. If the “No-Lapse Minimum Premium” provision is In Force, we will require payment sufficient to satisfy the No-Lapse Minimum Monthly Premium Test on the Monthly Anniversary Day immediately following the end of the grace period; or
2. If the “No-Lapse Minimum Premium” provision has terminated, payment sufficient to maintain coverage for 3 Policy Months from the date this Policy enters the grace period (this would include the cost of Monthly Deductions due and unpaid during the grace period plus an amount sufficient to restore the Cash Surrender Value to cover the cost of the Monthly Deduction due on the Monthly Anniversary Day immediately following the end of the grace period).

If the total amount paid to us during the grace period is not sufficient, all coverage under this Policy will Lapse. However, a greater amount will be accepted, as additional premium will be due after the end of this period to maintain coverage for additional Policy Months.

We will send Notice to you and to any assignee of record at least 31 days before the end of the grace period. The Notice will state the amount of premium as noted above. All coverage under this Policy will Lapse if you do not pay this amount on or before 61 days beginning on the date this Policy enters the grace period. If the Insured dies within the grace period, we will deduct any overdue Monthly Deductions from the Death Benefit Proceeds.

As described in the "Loan Provisions", Debt reduces the Cash Surrender Value. Any increase in Debt, including loan interest due but not yet charged, may reduce the Cash Surrender Value, and cause this Policy to enter the grace period.

**Continuation of Insurance** If premiums are discontinued on any date, the Cash Surrender Value on that date will be used to determine if coverage is provided under this provision. This Policy and all Amendments, Endorsements, and Riders will continue In Force according to their terms as long as the Cash Surrender Value is sufficient to cover the Monthly Deduction. If the Cash Surrender Value is insufficient, this Policy will terminate according to the "Grace Period" provision except as provided for by the "No-Lapse Minimum Premium" provision.

**Reinstatement** If this Policy has Lapsed as described in the "Grace Period" provision, you may reinstate this Policy within 5 years from the date of Lapse provided:

- a. this Policy has not been surrendered;
- b. the Insured's death has not occurred since the date of Lapse;
- c. you submit a Request and an application for reinstatement while the Insured is living;
- d. you submit Evidence of Insurability;
- e. you pay Net Premium equal to the Monthly Deductions due and unpaid during the grace period;
- f. you pay enough Net Premium to keep this Policy and any reinstated Riders In Force for at least 2 Policy Months after the date of reinstatement; and
- g. you pay or reinstate any Debt as of the date of Lapse.

The "No-Lapse Minimum Premium" provision will not be available upon reinstatement.

The Cash Surrender Value on the date of reinstatement will equal:

1. the Policy Value at the time of policy termination;
2. plus any Net Premiums credited at the time of reinstatement including the amounts stated in e. and f. above;
3. minus the surrender charge at the time of reinstatement;
4. minus any Debt at the time of reinstatement.

In addition to the minimum required payment to keep this Policy In Force as stated in e. and f. above, we recommend that you resume your Planned Premium to provide coverage beyond the initial period following the date of reinstatement. Please contact us if you need assistance in determining an updated Planned Premium.

Limitations may apply to the reinstatement of additional Riders and/or benefits that may be attached, as stipulated in the provisions of the additional Riders and/or benefits. The reinstated Policy will be effective as of the Monthly Anniversary Day on or next following the date on which we approve the application for reinstatement. At the time of reinstatement, the surrender charge will be based on the duration from the original Policy Date as though this Policy had never Lapsed.

## Policy Values Provisions

This Policy provides Policy Values which may be available to you for partial surrender, loans or full surrender. They are also used to calculate your Death Benefit Proceeds. The following provisions describe how these values are calculated.

**Policy Value** The Policy Value on the Policy Date will be equal to all Net Premiums paid for this Policy as of the Policy Date, minus the Monthly Deduction for the current Policy Month. On any day other than a Monthly Anniversary Day, the Policy Value will be determined as described below, excluding any Monthly Deductions for the current Policy Month. On each Monthly Anniversary Day, the Policy Value will equal the total of (A) plus (B), where:

**(A) the Fixed Account Value** will equal:

- a. the Fixed Account Value as of the preceding Monthly Anniversary Day;
- b. plus all Net Premiums received since the preceding Monthly Anniversary Day;
- c. plus the amount of any transfer from the Collateral Account to the Fixed Account;
- d. plus daily interest credited to the Fixed Account Value on each day as explained in the "Fixed Account Interest Rate" provision;
- e. minus any portion of a Monthly Deduction deducted for the current Policy Month;
- f. minus any portion of a partial surrender deducted since the preceding Monthly Anniversary Day;
- g. minus any surrender charges due to any decrease in Specified Amount;
- h. minus any amount transferred to the Collateral Account.

**(B) the Collateral Account Value** – When a loan is taken, an amount equal to the loan will be transferred from the Fixed Account to the Collateral Account, pursuant to the “Loans” provision. The value of the Collateral Account when a loan is taken is equal to the loan principal. The value of the Collateral Account will equal:

- a. the Collateral Account Value as of the preceding Monthly Anniversary Day;
- b. plus any Net Premium directed to the Collateral Account due to the Collateral Account Value being less than the loan principal;
- c. plus any amount transferred from the Fixed Account to the Collateral Account due to Loan Capitalization or a new loan;
- d. plus daily interest credited to the Collateral Account Value on each day as explained in the “Collateral Account Interest Rate Credited” provision;
- e. minus any portion of a Monthly Deduction deducted for the current Policy Month;
- f. minus any amount transferred from the Collateral Account to the Fixed Account due to loan repayment;
- g. minus any surrender charges due to any decrease in Specified Amount;
- h. minus any amount transferred from the Collateral Account to the Fixed Account due to Collateral Account interest crediting.

**Impact of Premium Payments and Loan Repayments on the Collateral Account Value and Loan Principal**

If the Collateral Account Value is less than the loan principal, the Net Premium paid will be credited to the Collateral Account, until the Collateral Account Value is equal to the loan principal and any excess will be credited to the Fixed Account. If the Collateral Account Value is greater than or equal to the loan principal, the Net Premium will be credited to the Fixed Account.

Loan repayments will first be credited to the loan principal, then loan interest. If the Collateral Account Value is greater than the loan principal immediately following repayment, an amount equal to the Collateral Account Value less the loan principal immediately following repayment will be transferred from the Collateral Account to the Fixed Account.

**Net Premium** Each Net Premium will be determined by deducting a Premium Load, not to exceed the Premium Load as described in the Policy Specifications, from each premium paid.

**Fixed Account Credited Interest Rate** The interest rate used in the calculation of the Fixed Account will never be less than the Guaranteed Minimum Fixed Account Interest Rate as shown in the Policy Specifications. Interest in excess of the guaranteed rate may be applied as determined by us. Such interest is referred to in this Policy as excess interest and is not guaranteed. Interest will begin to accumulate as of the date the Net Premium is credited.

**Collateral Account Credited Interest Rate** The interest rate used in the calculation of the Collateral Account will never be less than the Collateral Account Credited Interest Rate as shown in the Policy Specifications. The Collateral Account interest will be credited to the Collateral Account until the Collateral Account Value is equal to the loan principal and any excess will be credited to the Fixed Account.

**Monthly Deduction** Each month, beginning with the Policy Date and on each Monthly Anniversary Day thereafter, we will deduct the Monthly Deduction from the Cash Surrender Value.

The Monthly Deduction for a Policy Month equals:

- a. the Monthly Administrative Fee not to exceed the Guaranteed Maximum Monthly Administrative Fee as described in the Table of Expense Charges and Fees in the Policy Specifications;
- b. plus the Cost of Insurance as described in the “Cost of Insurance” provision;
- c. plus the monthly cost of any additional Riders and/or benefits.

Monthly Deductions will be withdrawn from the Fixed Account first. If insufficient value exists in the Fixed Account to cover the cost of the Monthly Deduction, value will be deducted from the Collateral Account.

**Cost of Insurance** This Policy’s monthly Cost of Insurance will be equal to (1) multiplied by the result of (2) minus (3), where:

- (1) is the Cost of Insurance Rate as described in the “Cost of Insurance Rates” provision;
- (2) is the death benefit for the month before reduction for any Debt, discounted to the beginning of the month at the Guaranteed Minimum Fixed Account Interest Rate shown in the Policy Specifications, divided by 1,000; and
- (3) is the Policy Value at the beginning of the month after deducting all parts of the Monthly Deduction other than the Cost of Insurance and the Cost of Insurance of any Disability Waiver of Monthly Deductions Benefit Rider, if attached to this Policy, divided by 1,000.

For the purpose of allocating the Cost of Insurance between different parts of the Specified Amount, the Policy Value will be considered as part of the Initial Specified Amount. If such value exceeds the Initial Specified Amount, any excess will be considered part of the earliest addition to the Specified Amount. This allocation will continue in order of all additions to the Specified Amount until all value is allocated.

**Cost of Insurance Rates** The monthly Cost of Insurance Rates are determined by us. The Cost of Insurance Rates will not exceed the amounts described in the Policy Specifications. We may use rates lower than these guaranteed maximum rates.

If the Insured is in a rated Premium Class, the monthly Cost of Insurance Rates equal:

- a. the then applicable Cost of Insurance Rate;
- b. multiplied by the Risk Factor, if any, shown in the Policy Specifications;
- c. plus the applicable Flat Extra charge, if any, shown in the Policy Specifications.

**Basis of Values** Minimum Policy Values are based on the mortality assumptions and interest rates shown in the Policy Specifications. The values of this Policy are at least equal to the minimum required by law. If required, a detailed statement of the method used to determine Policy Values and reserves has been filed with the state in which this Policy is delivered.

**Changes in Rates and Charges** Subject to the maximums and guarantees shown in the Policy Specifications, we may change the rates and charges that apply to your Policy. Among the rates and charges that can change are the monthly Cost of Insurance Rates, Monthly Administrative Fees, and interest rates. We will not make any changes to these rates and charges in order to distribute past gains or recoup past losses.

If a change in Cost of Insurance Rates is made, it will be based on our expectations at that time as to future cost factors, which may include, but are not limited to mortality, investment earnings, persistency, expenses (including reinsurance costs and taxes), policy funding, net amount at risk, loan utilization, capital requirements, and reserve requirements. Any change will apply uniformly to all individuals of the same Premium Class and policy duration as the Insured.

## Surrender Provisions

**Surrender** Upon Request, you may surrender this Policy for its Cash Surrender Value while this Policy is In Force and the Insured is living. A surrender Request received by us within 31 days after a Policy Anniversary will be treated as a surrender on the Policy Anniversary, otherwise the surrender Request will be effective on the date we approve your Request. All coverage under this Policy will terminate upon surrender for its Cash Surrender Value.

The Cash Surrender Value will be paid in a lump sum unless you choose a settlement option we make available. Any deferment of payments will be subject to the "Deferment of Payments" provision.

**Surrender Charges** If you Request either a full surrender of this Policy or a decrease in Specified Amount, a charge will be assessed based on the Table of Surrender Charges shown in the Policy Specifications, subject to the conditions described in the provisions below.

A new schedule of surrender charges will apply to each increase in Specified Amount. For purposes of calculating charges for full surrenders of, or decreases in, such increased Specified Amounts, the amount of the increase will be considered a new Initial Specified Amount.

**Surrender Charge for Full Surrender** Upon full surrender of this Policy, the surrender charge equals:

- a. the entire applicable amount shown in the Table of Surrender Charges in the Policy Specifications;
- b. multiplied by one minus the percentage of Initial Specified Amount for which a surrender charge was previously assessed, if any.

In no event will the charge assessed upon a full surrender exceed the current Policy Value less Debt.

**Charge for Decrease in Specified Amount** For decreases in Specified Amount, excluding full surrender of this Policy, the surrender charge, if any, will be calculated as (1) divided by (2), then multiplied by (3), where:

- (1) is the amount of the decrease;
- (2) is the Initial Specified Amount; and
- (3) is the then applicable surrender charge shown in the Policy Specifications.

The amount of any surrender charge for a decrease in Specified Amount will be deducted from the Policy Value. We may limit Requests for decreases in Specified Amount to the extent there is insufficient Cash Surrender Value to cover the necessary charges.

**Partial Surrender (Withdrawal)** Upon Request, you may make a partial surrender from this Policy at any time while this Policy is In Force. The amount of the partial surrender must be equal to or greater than the Partial Surrender Minimum Amount shown in the Policy Specifications, not to exceed the Partial Surrender Maximum Amount shown in the Policy Specifications. Any deferment of payment of a partial surrender will be subject to the "Deferment of Payments" provision.

The Specified Amount remaining after the partial surrender must be equal to or greater than the Minimum Specified Amount shown in the Policy Specifications. The amount of the partial surrender will be withdrawn from the Policy Value as explained below.

For the purposes of satisfying the requirements to meet the No-Lapse Minimum Monthly Premium Test, the term "partial surrender" will include the amount of any partial surrender and partial surrender charge.

**Effect of Partial Surrenders on Policy Value and Specified Amount** When a partial surrender is made:

1. The Policy Value will be reduced by the amount of the partial surrender plus any applicable surrender charge for a decrease in Specified Amount (as explained in the "Charge for Decrease in Specified Amount" provision above); and
2. The Death Benefit Proceeds will be reduced by an amount at least equal to the reduction in Policy Value. We will reduce the Specified Amount so that the reduction in Death Benefit Proceeds is equal to the reduction in Policy Value, which may then include a partial surrender charge, as explained in the "Charge for Decrease in Specified Amount" provision above. A partial surrender will not be allowed if it would reduce the Specified Amount below the Minimum Specified Amount shown in the Policy Specifications. A reduction in Specified Amount will be treated the same as a decrease in Specified Amount as explained in the "Decreases in Specified Amount" provision.

## Loan Provisions

**Loans** If this Policy has Cash Surrender Value available, we will grant a loan against the Policy provided:

- a. a loan agreement is properly executed; and
- b. you make a satisfactory assignment of this Policy to us.

The Minimum Loan Amount is shown in the Policy Specifications. All loans may be subject to the "Deferment of Payments" provision.

When a loan is taken, an amount equal to the loan will be transferred from the Fixed Account to the Collateral Account.

**Amount Available** The loan value at any time is equal to:

- a. the then current Policy Value;
- b. minus any surrender charge on the date of determination;
- c. minus any existing loan;
- d. minus accrued interest on any existing loan; and
- e. minus interest on the total outstanding loan to the end of the Policy Year.

**Loan Interest Rate Charged** Interest charged on loans will be at an annual rate as shown in the Policy Specifications, payable in arrears. Interest charged on a loan accrues daily and is payable annually on each Policy Anniversary or as otherwise agreed to by you and us. If you do not pay the interest when it is due, we will add the amount of interest to the loan principal ("Loan Capitalization"). If available, up to an equal amount will be transferred from the Fixed Account to the Collateral Account.

**Loan Repayments** Debt may be repaid at any time during the lifetime of the Insured. The minimum loan repayment is the lesser of the Minimum Loan Repayment Amount shown in the Policy Specifications or the amount of the outstanding Debt.

Every payment to us on this Policy will be considered a premium payment unless clearly marked for loan repayment or for payment of loan interest. Loan repayments are not subject to the Premium Load as shown in the Policy Specifications.

**Debt** A loan against this Policy, unless repaid, will have an effect on the Cash Surrender Value. A loan reduces the Cash Surrender Value while repayment of a loan increases the Cash Surrender Value. Any Debt at time of settlement will reduce the Death Benefit Proceeds payable under this Policy.

If at any time the total Debt against this Policy, including interest accrued but not due, equals or exceeds the current Cash Value, this Policy will enter the grace period as described in the "Grace Period" provision.

## General Provisions

**Payment of Proceeds** Proceeds mean the amount payable:

- a. Upon the surrender of this Policy; or
- b. Upon the Insured's death.

Upon the Insured's death, while this Policy is still In Force, the Proceeds payable will be the Death Benefit Proceeds. Such Death Benefit Proceeds are payable subject to receipt of Due Proof of Death of the Insured. If the Insured's death occurs within the grace period, we will deduct any overdue Monthly Deductions from the Death Benefit Proceeds.

The Proceeds payable under this Policy are subject to the adjustments described in the following provisions:

- a. "Misstatement of Age or Sex";
- b. "Incontestability";
- c. "Suicide";
- d. "Effect of Partial Surrenders on Policy Value and Specified Amount";
- e. "Grace Period";
- f. "Debt"; and
- g. "Premium Refund" at the death of the Insured.

We may require return of this Policy when Death Benefit Proceeds are paid. Proceeds will be paid in a lump sum unless you choose a settlement option we make available.

**Deferment of Payments** We may defer making a partial surrender, full surrender or loan up to 6 months after we receive your Request, however a partial surrender or loan for payment of premiums to us will not be deferred.

**Annual Report** We will provide you with a report (Statement of Account) at least once a year without charge showing the activity of this Policy for the past Policy Year. This report will show:

- a. the current Death Benefit;
- b. the current Policy Values;
- c. premiums paid and interest credited since the last report;
- d. any Premium Load, Administrative Fees, Monthly Deductions, Cost of Insurance, and partial surrenders deducted since the last report; and
- e. outstanding Debt;

This report will also include any other information required under the laws and regulations of the state in which this Policy is delivered.

**Illustration of Benefits and Values** Upon your Request, we will provide an illustration of future death benefits and Policy Values once a year without charge. Additional illustrations are available at any time upon Request. If you Request more than one illustration in a year, we reserve the right to charge a reasonable fee for each additional illustration.

**Modified Endowment** Only with your Election, provided at the time of application or a later date, will this Policy be allowed to become a modified endowment contract under the Internal Revenue Code. Otherwise, if at any time the premiums paid under this Policy exceed the limit for avoiding modified endowment contract status, the excess premium will be held in a separate deposit fund, credited with interest, and will be used to pay future premium payments. The funds held in the separate deposit fund are not considered part of your Policy Value, any interest may be taxable and you should consult a tax advisor if you have questions regarding this. If you instead elect to have the excess premium refunded to you, we will refund the excess premium to you with interest within sixty days after the end of the Policy Year in which the premium was received. The interest rate used on any refund or credited to the separate deposit fund created by this provision will be a rate of interest that we declare from time to time. Any interest may be taxable to you.

**Compliance with the Internal Revenue Code** This Policy is intended to qualify as life insurance under the Internal Revenue Code. The Death Benefit Proceeds provided by this Policy are intended to qualify for the tax treatment accorded to life insurance under Federal law. If at any time the premium paid under this Policy exceeds the amount allowable for such qualification, we will refund the premium to you with interest within 60 days after the end of the Policy Year in which the premium was received. The interest rate used on any refund will be the excess premium's pro rata rate of return on the contract until the date we notify you that the excess premium and the earnings on such excess premium have been removed from this Policy. Any interest may be taxable to you.

We reserve the right to increase the death benefit (which may result in larger charges under a Policy) or to take any other action deemed necessary to maintain this Policy's compliance with the federal tax definition of life insurance. We also reserve the right to refuse to make any change in the Specified Amount or any other change if such change would cause this Policy to fail to qualify as life insurance under the Internal Revenue Code.

### **Effect of Policy on Rider Provisions**

**Effect of Policy on Riders** If any of the following Riders or Endorsements are attached to this Policy, the Riders and Endorsements will be amended as follows:

Disability Waiver of Monthly Deduction Benefit Rider: The "Benefit" provision is revised as follows: The Death Benefit Option will not change on the date total disability begins.

### **Effect of Riders on Policy Provisions**

**Effect of Riders on Policy Provisions** If any Riders are attached to and made part of this Policy, policy provisions and definitions may be impacted, including those concerning premiums and Policy Values. READ YOUR POLICY AND RIDERS CAREFULLY.

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## Settlement Options

**Payment** When the Insured dies while this Policy is In Force, the Death Benefit Proceeds may be paid in a lump sum or left with us for payment under a settlement option that we make available.

The amount applied under an option for the benefit of any Beneficiary must be at least \$2,500.00. The amount of each payment under an option must be at least \$25.00.

You may make, change or revoke an Election at any time prior to the Insured's death. Following the Insured's death, a Beneficiary may elect an option if you have not elected one or if Death Benefit Proceeds are payable in one sum. A Beneficiary will always have the option to receive a lump sum payment, but otherwise may make a change in payment under a settlement option you elect only if you provided for it in your Election.

A change of Beneficiary automatically cancels a previous Election of a settlement option.

If this Policy is assigned, the assignee's portion of Death Benefit Proceeds will be paid in one sum. Any balance of Death Benefit Proceeds may be applied under a settlement option.

**Claims of Creditors** The Death Benefit Proceeds and any income payments under this Policy will be exempt from the claims of creditors to the extent permitted by law.

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## Accelerated Benefits Rider

Rider forming a part of the policy to which attached.

**Benefits paid under this rider may be taxable. If so, you or your beneficiary may incur a tax obligation. As with all tax matters, you should consult your personal tax advisor to assess the impact of this benefit.**

### Benefit

We will pay you a portion of the death benefit of the policy upon occurrence of one of the Qualifying Events shown below while the policy and this rider are in force.

The portion of the death benefit available under this rider for a Qualifying Event will be the applicable benefit percentage for that event applied to the death benefit of the base policy only, **not** including the Rider Specified Amount of any in force Additional Specified Amount Rider attached to the policy.

In no event, however, will the rider benefit paid be greater than:

- (1) \$250,000 in total for all Qualifying Events; and
- (2) \$25,000 in total for all Qualifying Event (3).

An administrative charge, not to exceed \$300, will be deducted from any benefit payable under this rider.

The maximum amount available on all policies with an Accelerated Benefits Rider in force with us is \$250,000 per Insured.

### Qualifying Events

Each of the following is a Qualifying Event:

- (1) The Insured's life expectancy is reduced to less than 6 months;
- (2) The Insured is confined to an eligible nursing home for the balance of life; or
- (3) The Insured experiences a covered catastrophic health condition. Covered catastrophic health conditions are:
  - (a) heart attack;
  - (b) stroke;
  - (c) major organ transplant; or
  - (d) the diagnosis for the first time of:
    - (i) life threatening cancer;
    - (ii) end stage renal failure;
    - (iii) permanent paralysis; or
    - (iv) Alzheimer's Disease.

### Benefit Percentages

The benefit percentages are 50% for Qualifying Event (1), 40% for Qualifying Event (2), and 5% for Qualifying Event (3). If the Insured experiences more than one covered catastrophic health condition, only 5% of the death benefit, subject to the \$25,000 maximum, will be paid for all covered catastrophic health conditions under Qualifying Event (3).

### Catastrophic Health Conditions Definitions

**Heart Attack** (Myocardial Infarction) – The death of a portion of the heart muscle, as a result of inadequate blood supply to the relevant area. This rider will not cover angina or the chance finding of EKG changes suggestive of a previous heart attack.

**Stroke** – Cerebrovascular accident or infarction (death) of brain tissue caused by hemorrhage, embolism or thrombosis producing measurable, neurological deficit persisting for at least 30 days following the occurrence of the stroke. This rider will not cover Transient Ischemic Attacks.

**Major Organ Transplant** – The receipt by transplant of any of the following organs or tissues: heart, liver, lung or bone marrow when such receipt is necessary because of a life-threatening situation.

**Life Threatening Cancer** – Cancer as manifested by the uncontrolled growth and spread of malignant cells including tumors and malignant melanomas which have spread through the epidermis. This rider will not cover benign tumors or polyps, Stage A prostate cancer, carcinoma in situ and any skin cancer.

**End Stage Renal Failure** – Chronic irreversible failure of both the kidneys which requires the undergoing of regular dialysis or transplant.

**Permanent Paralysis** – Any permanent paralysis of two or more limbs, paraplegia or quadriplegia, which has existed continuously for 180 days since the paralysis began.

**Alzheimer's Disease** – A definitive diagnosis of Alzheimer's Disease by a Physician who is a certified Neurologist supported by medical evidence that the Insured exhibits the loss of intellectual capacity resulting in the impairment of memory and judgement such that permanent daily personal supervision is required.

### **Qualifying Event Certification**

Before any benefit can be paid under this rider, you must furnish evidence satisfactory to us. Such evidence must be in the form of a certification of the Insured's medical condition from a licensed physician. The certification must state that in the physician's opinion:

1. The Insured's life expectancy has been reduced to less than 6 months;
2. Due to a medical condition, the Insured will be confined to an eligible nursing home for the balance of life; or
3. The Insured has experienced one of the covered catastrophic health conditions.

An eligible nursing home is an institution or special nursing unit of a hospital which meets at least one of the following requirements:

1. It is Medicare approved as a provider of skilled nursing care services;
2. It is licensed as a skilled nursing home, an intermediate care facility or a hospice facility by the state in which it is located; or
3. It meets all requirements listed below:
  - a. It is licensed as a nursing home by the state in which it is located;
  - b. Its main function is to provide skilled, intermediate, or custodial nursing care;
  - c. It is engaged in providing continuous room and board accommodations to 3 or more persons;
  - d. It is under the supervision of a Registered Nurse;
  - e. It maintains a daily medical record of each patient; and
  - f. It maintains control and records for all medications dispensed.

Institutions which primarily provide residential facilities are not eligible nursing homes.

### **Further Medical Exams**

In regard to any Qualifying Event, in addition to the requirement that a written diagnosis or statement be provided by the Insured's physician, we may also require, at our expense, an examination of the Insured by a physician we choose, or such other evidence we think is necessary. If there is a difference of opinion between the Insured's physician and our physician as to the Insured's condition, expectation of life and/or expectation of staying in a nursing home for the balance of life, we will require that a third opinion be obtained from a physician acceptable to us and to you. This opinion will be at our expense and will be mutually binding.

### **Right to Exercise Rider Benefit**

Your right to exercise the options of and receive payments under this rider are conditioned on the following:

1. The policy must be in force other than under an extended term nonforfeiture option on the date your request for benefits is received in the Service Office;
2. The cash surrender value of the policy must be sufficient to cover the monthly deductions for the policy for a period of five years following the payment of the accelerated death benefit (accelerated benefit continuation period);

3. Your request must be made in writing; and
4. The policy must not be assigned except as security for a policy loan.

Accelerated death benefits provided through the use of this rider are made available to you on a voluntary basis. The use of this rider is not meant to cause you to involuntarily access proceeds. Therefore, you are not eligible for benefits under this rider if:

1. You are required by law to use this benefit to meet the claims of creditors, whether in bankruptcy or otherwise; or
2. You are required by a government agency to use this benefit in order to apply for, obtain, or otherwise keep a government benefit or entitlement.

#### **Payment of Rider Benefit**

The conditions for payment of the rider benefit are as follows:

1. Any rider benefit paid will be first used to repay a portion of any outstanding indebtedness. The portion to be repaid will be determined by applying the applicable benefit percentage to the indebtedness as of the date the benefit is paid.
2. The remaining rider benefit will be paid to you in a lump sum. Payments other than as a lump sum may be made at your request in a manner mutually agreed upon.
3. If a benefit less than the maximum is paid, the balance of the maximum benefit can be applied for at a later date.
4. The maximum benefit at any time will be (a) minus (b) where:
  - a. is the lesser of the death benefit of the policy at the time of the claim times the applicable benefit percentage, or \$250,000; and
  - b. is any rider benefit that has already been paid.

For example, if 5% of the death benefit has been paid due to a covered catastrophic health condition, an additional 45% (50% less 5%) could be claimed at a later date if terminal illness is diagnosed.

#### **Effect on Your Policy**

The accelerated benefit paid plus accrued interest will be treated as a lien against your policy. Access to the cash value of your policy through policy loans, partial surrenders or a full surrender will be limited. The amount available for such usage will be the amount of cash value in excess of an amount determined by applying the applicable benefit percentage to the cash value of your policy.

Following payment of the accelerated death benefit, a policy loan or partial surrender that would reduce the cash surrender value to an amount which is insufficient to cover the monthly deductions for the policy from the date of the loan or partial surrender to the end of the accelerated benefit continuation period will not be allowed.

Death proceeds as defined in the policy will be reduced by the amount of the accelerated benefit paid plus accrued interest.

If this policy contains an Interest Rate provision, interest credited on any value held as security for a lien under this rider may be at a different rate than that used for other value. Any benefits payable under other riders attached to your policy will not be affected by any benefit paid under this rider.

#### **Repayment**

You may repay all or part of the accelerated benefit at any time while this rider is in force. Each partial repayment must be at least \$25 and clearly marked for repayment of the accelerated benefit.

#### **Interest**

We will charge interest on the amount of the accelerated benefit. The interest accrues daily at the interest rate described below. On the policy anniversary, the accrued interest will be added to the accelerated benefit and bear interest at the rate then in effect. Additional interest will not accrue if the accelerated benefit plus accrued interest equals the death benefit.

#### **Interest Rate**

The interest rate on any lien will be determined by us. The rate which applies to a policy year will be determined at least 30 days before the beginning of that policy year. The rate will not change during that year.

The interest rate on the portion of the lien which is equal to the policy value at the time you request the accelerated benefit less any indebtedness will be the policy loan interest rate.

The interest rate on the remaining portion of the lien will not exceed the maximum rate permitted by law for policy loans. This maximum rate is determined as follows:

The rate for a policy year will not be more than the higher of the following:

1. The published monthly average (defined below) for the calendar month ending 2 months before the date on which the rate is determined; or
2. The rate used to compute the cash surrender values under the policy for that year plus 1 percent.

The published monthly average referred to above is defined as:

1. Moody's Corporate Bond Yield Average--Monthly Average Corporates as published by Moody's Investors Service, Inc., or any successor thereto; or
2. In the event that Moody's Corporate Bond Yield Average--Monthly Average Corporates is no longer published, a substantially similar average, established by regulation, or other method, issued by the Insurance Department of the state or other jurisdiction where this policy is issued.

A change from the rate being used for a policy year to a new rate to be used for the next policy year will be made as follows:

1. The rate will be decreased to be equal to or less than the maximum rate if such maximum rate is at least  $\frac{1}{2}\%$  lower than the rate being used.
2. The rate may be increased to be equal to or less than the maximum rate if such maximum rate is at least  $\frac{1}{2}\%$  higher than the rate being used.

If there is a lien in effect, we will notify you and any assignee of record 30 days before each policy anniversary of any increase in the rate for the next policy year. If a new lien is requested, we will notify you and any assignee of the rate in effect when the lien is made.

#### **Claims**

You must make written request for benefits under this rider.

#### **General Provisions**

This rider is subject to all of the applicable provisions of the policy except for the provisions contained in this rider. This rider will control in event of any conflict with the policy.

#### **Termination**

This rider will terminate:

1. Upon written request and return of the policy for endorsement;
2. On surrender or other termination of the policy; or
3. Upon continuation of this policy under an extended term nonforfeiture option.

#### **Effective Date**

The effective date of this rider is the policy date of the policy unless a later date is shown below.



Secretary

# The Lincoln National Life Insurance Company

## Overloan Protection Rider

This rider (also referred to as an “endorsement”) is made part of the Policy to which it is attached (the “Policy”). Except as provided below, this rider is subject to all the terms and conditions of the Policy. This rider becomes effective as of the Policy Date shown in the Policy Specifications.

**You should consult a tax advisor before requesting the exercise of this rider, as there may be tax consequences. In addition to other possible tax consequences, exercise of the rider could lead to some or all of the Debt being treated as a taxable distribution.**

### Summary of Rider Benefit

This rider provides a benefit (the Overloan Protection Feature) that, if exercised, both protects the Policy from Lapse and provides a Minimum Death Benefit.

The effective date of the Overloan Protection Feature (“Election Effective Date”) will be the date we receive written notification from you in good order that you wish to exercise the feature. This step will permanently and irrevocably alter your Policy.

Notwithstanding any provision to the contrary contained in the Policy, if this rider’s Conditions are met as of the Election Effective Date, the Overloan Protection Feature can be exercised.

### Overloan Protection Feature

When the Overloan Protection Feature is exercised, no further Monthly Deductions will be taken, the Policy will not Lapse due to insufficient value, and the Policy will automatically become paid-up life insurance in the amount described in this rider’s “Minimum Death Benefit” provision. Once the Overloan Protection Feature is exercised, we will notify you of the changes to your Policy.

**Minimum Death Benefit** After the Election Effective Date, the amount of the Death Benefit will be determined as provided by the Policy but will be no less than the greater of the following amounts minus Debt (also referred to as Indebtedness) for the then current Policy Year:

1. Debt plus \$10,000; or
2. An amount determined by us equal to the amount required to qualify the Policy as life insurance under the Internal Revenue Code.

**To improve your opportunity to meet the Conditions described below, you should carefully monitor the performance of your Policy. We recommend you do so annually by reviewing a projection of benefits and values (illustration). Please be aware that a projection of benefits and values does not guarantee that all the Conditions will be met at the time of exercise.**

### Conditions

We will notify you In Writing the first time you meet all of the following conditions:

1. Any Insured identified in the Policy Specifications has reached the Minimum Attained Age shown in the Policy Specifications;
2. The Policy has been In Force for at least the Minimum Policy Years In Force shown in the Policy Specifications;
3. A level Death Benefit Option, if provided under the Policy, must be in effect;
4. Debt is larger than the Specified Amount;
5. Accumulation Value minus Debt or Policy Value minus Debt, as applicable, is sufficient to pay the Election Charge;
6. The ratio of Debt to the Accumulation Value or the Policy Value, as applicable, is between the Minimum Value Threshold percentage and the Maximum Value Threshold percentage as shown in the Policy Specifications;
7. The Death Benefit Qualification Test is the Guideline Premium Test;
8. The Policy must not be a Modified Endowment Contract; and
9. Both the guideline single premium and guideline level premium as defined in Internal Revenue Code Section 7702 must be greater than zero. These amounts are available upon request. This condition does not apply if the youngest Insured identified in the Policy Specifications has attained or would have attained at least age 100 or older, whether living or deceased.

**Be aware that any attempt you make to change your Policy to meet these Conditions will affect the guideline single premium and guideline level premium under your Policy. Consequently, it is possible that such changes may prevent you from satisfying condition 9.**

**Election Charge** There is no charge for adding this rider to the Policy. However, if you exercise the feature, a one-time Election Charge shown in the Policy Specifications, will be deducted from the Accumulation Value minus Debt or the Policy Value minus Debt, as applicable, as of the Election Effective Date. The Election Charge is based on a percentage of the Accumulation Value or the Policy Value as of the date the election is exercised. There is no Election Charge if the Overloan Protection Feature is never exercised. The Election Charge will not be waived by any Disability Waiver of Monthly Deduction Benefit Rider attached to the Policy.

#### **Impact to Policy after the Election Effective Date**

After the Election Effective Date, the following changes will be made to your Policy:

1. We will no longer allow premium payments, partial surrenders (withdrawals), or changes to Specified Amount or Death Benefit Option;
2. All riders, except the Supplemental Term Insurance Rider, if any, will be terminated;
3. Participating loan, if any, will be changed to a fixed loan;
4. No additional Monthly Deductions will be taken;
5. Any Variable Account Value, Indexed Account Value, Holding Account Value, or Dollar Cost Averaging Account Value will be transferred to the Fixed Account as of the Election Effective Date. For Policies with variable sub-accounts, no transfer charge will be assessed for such transfer, nor will it count against, or be subject to, any transfer limitations that may otherwise be in effect. No further transfers will be allowed and automatic rebalancing will end. For Policies with an Indexed Account, if the transfer date does not coincide with a Segment Anniversary, no interest will be credited to the Segment on the date of transfer; and
6. The Policy will automatically become paid-up insurance as noted in the "Minimum Death Benefit" provision.

**Loans** Loans, if eligible, and loan repayments can continue to be made at any time, and interest charged on the loan will continue to accrue.

**Nonforfeiture Values** This rider does not provide any cash value or loan value.

**Reinstatement** This rider will be reinstated if the Policy is reinstated.

**Termination** This rider and all rights provided under it will terminate automatically upon whichever of the following occurs first:

1. The date the Owner requests In Writing to terminate the rider prior to exercising the feature; or
2. Termination of the Policy.

**Effect of Additional Benefits on Rider Provisions** Your Policy may include additional benefits that were added by rider, endorsement, or amendment. The exercise of certain benefits of other riders may result in the termination of this rider. **Please read your Policy carefully.**

**The Lincoln National Life Insurance Company**



President

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## **The Lincoln National Life Insurance Company**

### **INDIVIDUAL FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE POLICY**

Death Benefit Proceeds are payable upon the death of the Insured while this Policy is In Force; the Death Benefit Proceeds may be increased or decreased. The Cash Surrender Value is payable upon surrender of this Policy. Flexible premiums are payable to the earlier of the Maturity Date or the Insured's death. Policy Values may increase or decrease as determined by declared interest rates, Monthly Administrative Fees, and Cost of Insurance Rates. Planned Premium payments and additional Riders and/or benefits are shown in the Policy Specifications. This Policy is non-participating; it is not eligible for dividends.