



# Challenge Accepted

Embracing the transformation  
of our industry

WHITE PAPER





This paper discusses areas that firms are focusing on for growth in 2021 and beyond: technology, training, education, products and solutions.



# Firms now look to the future with hope of growth and success

One thing 2020 reinforced was our industry's ability to adapt and thrive in the face of challenge. While many firms were already making strides toward the adoption of technology-driven processes, last year served as a catalyst for a more seismic shift that continues to unlock new opportunities.

At Lincoln, we focus on helping our partners move forward with optimism and action. With that in mind, last year we surveyed our partners to better understand the challenges they were facing and their outlook on the road ahead. We've seen many firms make substantial progress toward overcoming these challenges over the past year, while others are still deciding how best to move forward. While every firm has unique circumstances and perspectives, there was consensus around the areas of focus for growth in 2021 and beyond:



**Integrating  
technology**

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**Training and  
education**

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**Products  
and solutions**

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These three areas represent rapid points of change in the industry, and we are optimistic about the opportunities ahead.



# 70%

Our life and annuity business saw nearly 70% of new business flow through eSubmission in 2020 versus less than 40% in 2019.

## Integrating new technology

In an industry where relationships are foundational, transitioning from the tried-and-true in-person approach to a virtual model became essential. Technology that may have taken the industry years to adopt was up and running in a matter of weeks. And this shift has opened the door for positive changes toward greater partnerships and more efficient ways of staying connected.

### Adoption of eCapabilities

One of those changes has been the rapid evolution of eCapabilities, such as eApplication, eSignature and eDelivery, which are helping firms and financial professionals improve the ability to do business. Our life and annuity business saw nearly 70% of new business flow through eSubmission in 2020 versus less than 40% in 2019, with multiple partners making transformative shifts from single-digit adoption in 2019 to over 90% adoption in 2020. As a result, those firms were able to capitalize on efficiency gains to help increase operational speed and accuracy. With more room to grow, we expect the continued advancement of eCapabilities in 2021.

### Focus on a digital-first approach

Lincoln is committed to helping you build your business by focusing on products and processes. To stay ahead of evolving trends and ensure you're able to deliver solutions efficiently, we've digitally enhanced our processes. We're confident this digital-first strategy is the best way to move forward successfully.

From policy submission through delivery, Lincoln's electronic capabilities offer many benefits. These upgrades eliminate paperwork, lead to faster turnarounds, streamline underwriting decisions, increase in-good-order submissions, and offer same-day delivery of issued policies.



Life transition to full eDelivery in just **5 business days!**



Average placement is **4 days faster** with **12% higher placement**



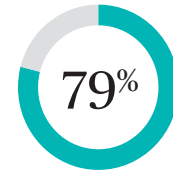
## Platforms of the future

Perhaps the greatest opportunity ahead is tied to how firms will adopt new platforms to positively impact the client experience. The majority of partners we engaged are highly focused on revamping their strategies around key areas such as:

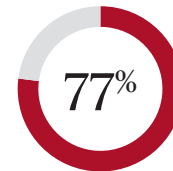
- Creating virtual experiences that help attract and retain clients;
- Incorporating new technologies to support client onboarding; and
- Leveraging wealth management platforms to personalize client interactions and deepen relationships

Emerging technology platforms are driving these changes through the training and education of financial professionals and transforming standard business processes into streamlined experiences. Firms are making strides in adopting new platform technology that will advance research and order entry capabilities. As new strategies come into focus, the insight gained from harnessing the data within these platforms has almost limitless potential to drive and deepen future partnerships across the industry.

### Financial professionals are looking for more interaction<sup>1</sup>



would like an increase in overall touchpoints.



say they would be positively impacted by an increase in virtual touchpoints.

<sup>1</sup> Lincoln Financial Partner Survey, 2020.

## The shift to virtual

### Enhancing our touchpoints

The essential and wide-spread adoption of virtual meeting technology has also introduced clear opportunities to scale interaction going forward, both in terms of increasing connectivity between organizations and enhancing synergies in the field. Many firms indicate a strong preference for more touchpoints overall, and we've seen this to be true, day in and day out, as activity levels have never been higher.

### The evolving client experience

The proof could be seen in our own partner forum event — traditionally attended by approximately 50 people. Shifting this event to virtual, we saw attendance skyrocket to over 200, creating an impact 4x that of previous years. It's also now easier to get the right experts together to collaborate on key conversations, which will deliver greater value for our partners. While we all eagerly await the day to be able to connect in person again, there's no doubt that virtual meetings are here to stay as a critical component of how we partner moving forward.

Since 2020, Lincoln has been developing new digital resources to help financial professionals better engage their clients.



#### Crisis to Confidence and Challenge Accepted programs

- More than 89,000 program engagement activities
- Over 40,000 website visits and 43,000 live webcasts and video views
- [Lincoln Financial Group Challenge Accepted Content Platform](#)



#### Virtual and home office events

- 20 value-add webinars with over 8,000 attendees
- 87 CE webinars with 3,000 financial professionals in Q1
- Shifting to virtual, we saw attendance skyrocket to 4x that of previous years



#### Regulatory Roundup

- Our new content destination to make it easier for you to stay informed on regulatory changes.
- Nearly 10,000 website visits since 2020 launch



#### Strategic Partner Resource Center

- One-stop shop for the tools and information to help your business
- Access to the most current strategic news and content from across Lincoln

## Embracing virtual

Research shows that partners prefer virtual channels for a range of communications<sup>2</sup>:

- Product updates
- Industry insights
- Thought leadership

<sup>2</sup> Source: Lincoln Financial Partner Survey, 2020.

## New training & education programs

The sudden shift to a virtual model last year meant a completely changed setting for how firms conduct larger-scale national and regional events and training. Future strategies are likely to be built around virtual platforms that can deliver relevant content to financial professionals at scale, while ensuring the ability to track and measure success. The insights captured around content, engagement and feedback will fuel a shared ability to connect key learnings to potential business opportunities.

From a content standpoint, two prevailing areas are in demand that span both soft and hard skills. We've seen a reemergence of value-add topics as financial professionals reevaluate the fundamental aspects of the client experience and look for ways to deepen relationships in a virtual setting. **Pre-COVID, a successful webinar meant getting a few hundred people to attend. But last year we saw those numbers soar into the thousands** for some of our top value-add virtual events.

The virtual delivery of sales ideas and product training has also been a top focus. Our virtual **continuing education (CE) program** was key to our success in 2020, driving over 400 webinars with 12,000 attendees. Lincoln's Center for Sales Excellence is comprised of a dedicated team of trainers and subject matter experts who had us prepared to navigate the changes of 2020 and worked with our partners to help educate their financial professionals.

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### Virtual in action

Recent events have demonstrated our partners' ability to broaden their reach, share more content, and increase engagement through the use of enhanced virtual technology. For example, at a top producer meeting we attended, over 50 financial professionals stopped by a virtual firm booth to engage with videos, content and team members. The firm was able to share usage data — both for who engaged and the content they engaged with — as well as survey results around which issues were important to those producers and their clients, enabling more effective follow-up and support.

Another example of the impact is a partner firm's annual event — typically attended by roughly 800 or so financial professionals. **The shift to make this event virtual saw attendance increase nearly 4x to 3,000!** Events like these highlight the ability to reach more individuals, at a fraction of the cost. Even as in-person events resume over the next year or so, impactful and cost-effective hybrid models are here to stay to help reach much larger audiences.

While firms will have to determine the right platform and approach for their organization, they can look to partners such as insurance carriers, research providers and asset managers for ongoing content and ideas to best serve the needs of financial professionals.



**Financial professionals are divided over whether to attend in-person events in 2021**, further illustrating the need for a hybrid model of events.<sup>3</sup>



Even as in-person events resume over the next year or so, **impactful and cost-effective hybrid models** are here to stay to help reach much larger audiences.

<sup>3</sup> Neal, R. (2021, January 28). "As In-person Conferences Return, Some Advisors Worry About Virus," Retrieved March 11, 2021, from <https://www.financial-planning.com/news/riskalyze-and-orion-bringing-back-in-person-conferences>.



# 68%

According to LIMRA, sales of RILAs from Q4 2019 to Q4 2020 increased 68% and represent nearly a quarter of all variable annuity sales.<sup>4</sup>

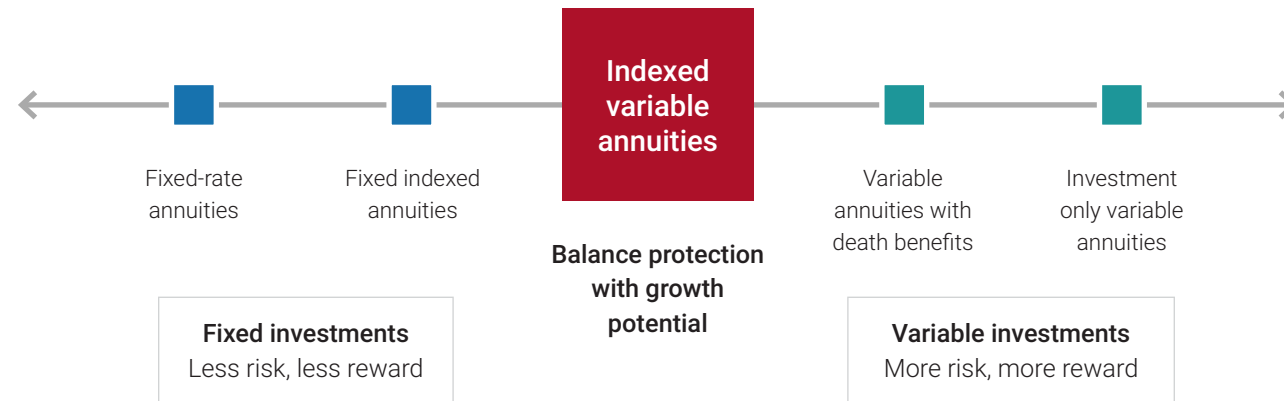
## Solutions for evolving client needs

In addition to the pandemic, many converging forces are bringing about significant change in our industry. A low-rate environment, increased regulation, and evolving consumer sentiment are driving more innovative products and solutions to help meet today's clients' income needs. Many are seeking greater confidence and financial security in their portfolios, and the old answers for how to deliver that to clients don't align with future capital market assumptions. As a result, many firms are strengthening their product platforms to help meet the protection needs of client portfolios and unlock potential avenues for growth moving forward.

Meeting changing demands in the retirement space continues to spark product innovation at Lincoln. This effort is supported by provisions in the 2019 SECURE Act, including the extended portability of lifetime income options between plans and the expanded fiduciary relief for selection of lifetime income providers.

### RILAs (index-linked annuities)

Insurance-based strategies that balance growth and protection are experiencing strong growth and are becoming more prevalent in client portfolios. Specifically, registered index-linked annuities, or RILAs, have had significant growth recently. According to LIMRA, sales of RILAs from Q42019 to Q42020 increased 68% and represent nearly a quarter of all variable annuity sales.<sup>4</sup> RILAs typically limit exposure to downside risk, while capturing potential for growth, making them appealing for clients wanting to balance growth with protection.



Index-linked variable annuity products are complex insurance and investment vehicles. Please reference the prospectus for important product information.

<sup>4</sup> SecureRetirement Institute, "Fourth-quarter Registered Index-Linked Annuities Propel Overall VA Sales to Prepandemic Levels," (2021). Retrieved March 11, 2021, from <https://www.limra.com/en/newsroom/news-releases/2021/secure-retirement-institute-fourth-quarter-registered-index-linked-annuities-propel-overall-va-sales-to-pre-pandemic-levels/>



## The need for protection with opportunity for growth

Many clients are looking for protection strategies, especially within the retirement plan space and investment-only variable annuity (IOVA) platforms. With the added protection of guarantees, investors have the ability to grow their benefits over time by investing in an expanding list of underlying investment strategies.

These solutions are positioned to address needs within traditional client segments, and are unveiling opportunity with younger client profiles, allowing them to take advantage of longer time horizons to grow their benefit. Guaranteed protection, growth potential, flexibility, diversification and tax advantages are all important to investors, and the industry is bringing great options to the table as part of the evolving client portfolio.

# 89%

of annuity owners are satisfied with their purchase, according to a 2020 survey.<sup>5</sup>

Options for protection, more growth potential, flexibility, diversification and tax advantages are important to today's investors.

The **Alliance for Lifetime Income** has helped spotlight the need to educate Americans on the risks of outliving their savings by shifting the mindset from solely growing savings to protecting income. Visit the [AllianceForLifetimeIncome.org](https://AllianceForLifetimeIncome.org) to learn more.

As firms evaluate opportunities and carriers in the marketplace, they must keep an eye on new regulatory impacts taking effect. The expectation by many is that there will be greater focus on the continuous refinement of product platforms or commission structures to ensure compliance with regulatory guidelines, including a focus on advisory class solutions and adoption. So, it's important to lean on partners with the depth and breadth of solutions to address client needs across various market circumstances.

<sup>5</sup> Greenwald & Associates, "Guaranteed Lifetime Income Study: Mid-Year Update," 2020.

## Advancements in long-term care planning and life insurance solutions

As with annuities, many new product designs are rolling out across the traditional life and long-term care insurance space, bringing enhanced flexibility to tailor client solutions. The ability to adjust factors, such as level of protection, how premiums are paid or locking in performance triggers or bonus features, brings new opportunities to solve specific challenges in portfolios.

Stand-alone LTC policies are most common among what financial professionals sell, but they comprise less than one-third of LTC sales. 57% of financial professionals sell hybrid (asset-based) policies, while nine out of ten financial professionals believe their clients would be interested in a hybrid LTC funding solution.

Lincoln recently launched [\*MoneyGuard Market Advantage\*<sup>SM</sup>](#), the next generation of LTC expense planning, which offers upside and downside protection with annual lock-ins and a guaranteed minimum level of death and LTC benefits. With access to more than 40 investment options from leading portfolio managers, as well as customizable or turn-key portfolios, consumers can feel confident about staying invested while preparing for long-term care expenses. Any growth is tax-deferred and will be income tax-free for qualified expenses.<sup>6</sup>

To offer more choice and flexibility to consumers, we've expanded our features available on our accumulation VUL, [\*Lincoln AssetEdge\*<sup>®</sup> VUL](#), to include five indexed accounts beyond the 75+ investment options. This allows a policy owner to adjust their investment style while staying in one policy.

Additionally, our business enhanced our protection VUL suite. The [\*Lincoln VUL\*<sup>ONE</sup>](#) suite now offers more options with two guaranteed lifetime death benefit options and a new rider for additional growth potential. With [\*Lincoln VUL\*<sup>ONE</sup>](#), clients get a single solution to meet a variety of needs.

<sup>6</sup> Long-term care reimbursements are generally paid income tax-free under Internal Revenue Code Section 104(a)(3). Beneficiaries may receive an income tax-free death benefit under IRC Section 101(a)(1).

<sup>7</sup> VerstaResearch, "2020 LTC Marketing and Thought Leadership Research, Findings from Surveys of Advisors and Consumers," August 2020. <http://visit.lfg.com/MG-VRST-PPT001>.

<sup>8</sup> Source: 2020 LIMRA Barometer Study.



87%

of Americans say having a long-term care solution would help them feel more confident about their financial future.<sup>7</sup>

62%

of life insurance owners want to leave a legacy to loved ones and 57% would use it to supplement retirement income.<sup>8</sup>



# Focusing on the future

As we reflect on the disruptions of the pandemic, it's important to note the impressive leaps our industry made in a short period of time. We believe that together, we can continue to overcome the challenges in front of us and drive the future of the industry.

Continued investment in technology, eCapabilities and the customer experience will undoubtedly unlock opportunities for enhanced partnership and growth in the future. The focus on stronger content and more efficient delivery of training and education will make us all better at what we do. And with new, innovative solutions rolling out day by day – financial professionals have never been in a stronger position to implement strategies that can help strengthen client portfolios, increase confidence in their plan, and ultimately drive greater advocacy for the services they provide.

We believe the future is bright and our shared commitment to innovation and progress will help collectively evolve the industry and continue to support Americans in their financial goals for generations to come.

To that, we say **Challenge Accepted.**



Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

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For important information about *Lincoln VUL<sup>ONE</sup>*, click [here](#).

For important information about *Lincoln MoneyGuard Market Advantage<sup>SM</sup>*, click [here](#).

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