

2021 Supplemental Compensation

Broker Guide

Insurance products issued by:
The Lincoln National Life Insurance Company
Lincoln Life & Annuity Company of New York
Lincoln Life Assurance Company of Boston

LCN-3019453-033020

Regulatory approval — Inclusion in this program of policies issued by Lincoln Life & Annuity Company of New York is subject to approval by the State of New York Department of Financial Services (“NYDFS”).

Reaching the goal

We invite you to participate in our 2021 Supplemental Compensation Program (“Program”).

You have two ways to meet the Initial Program Qualification for group benefits Program Eligible Lines of Coverage effective from 2/1/2021 to 1/31/2022 (“Program Period”):

Tier 1: \$1,000,000+ In-force Premium¹

- 1 Sell ten lines of coverage totaling \$250,000 in New Premium²
- 2 Sell \$500,000 in New Premium

Tier 2: Less than \$1,000,000 In-force Premium

- 1 Sell ten lines of coverage totaling \$100,000 in New Premium
- 2 Sell \$250,000 in New Premium

Broker tier for qualification, calculations and payouts will be determined by In-force Premium as determined at the beginning of the Program Period. Once the tier is determined, the Broker will remain in that tier for the remainder of the Program Period.

A line of coverage must be in-force on 2/1/2022 to count toward the Initial Program Qualification. Brokers not meeting either of these qualifications are ineligible for Supplemental Compensation under the 2021 Supplemental Compensation Program.

¹See additional program terms and conditions for program details and definitions.

Program Eligible Lines of Coverage

The following products will each count as a separate line of coverage for Program purposes, for either New Business Supplemental Compensation or Block Management Supplemental Compensation, but will not be included for both, subject to other limitations described in this guide:

Life including:	<ul style="list-style-type: none"> ■ AD&D ■ Basic Life ■ Voluntary Life 	<ul style="list-style-type: none"> ■ Optional Life ■ Standalone AD&D
Disability³ including:	<ul style="list-style-type: none"> ■ Short-term disability (STD) including Optional Employee STD ■ Voluntary STD ■ Statutory Disability ■ ASO STD⁴ 	<ul style="list-style-type: none"> ■ Long-term disability (LTD), including Optional Employee LTD ■ Voluntary LTD ■ ASO LTD⁴ ■ Advice to Pay (ATP)⁴
Absence Management⁴		
Dental and Vision⁵ including:	<ul style="list-style-type: none"> ■ Dental ■ Voluntary Dental ■ DHMO ■ Voluntary DHMO 	<ul style="list-style-type: none"> ■ Vision ■ Voluntary Vision ■ Self-funded dental⁴
Accident/Critical Illness/ Universal Life⁶ including:	<ul style="list-style-type: none"> ■ Group Accident ■ Group Critical Illness 	<ul style="list-style-type: none"> ■ Worksite Accident ■ Worksite Critical Illness

New Business Supplemental Compensation

The New Business Supplemental Compensation is to reward the placement of New Business during the Program Period. The New Business Supplemental Compensation payout percentage is determined based on the amount of New Premium for the Program Period, per the table below. The New Business Supplemental Compensation payment is calculated by applying the payout percentage to the capped⁷ New Premium for the Program Period.

Tier 1		Tier 2	
New Premium	Payout Percentage	New Premium	Payout Percentage
\$250,000 – \$499,999	3.00%	\$100,000 – \$249,999	2.00%
\$500,000 – \$999,999	4.00%	\$250,000 – \$499,999	3.00%
\$1,000,000+	5.00%	\$500,000+	4.00%

The New Business Supplemental Compensation payout percentage is calculated on a single percentage and not prorated for each percentage level. For example, if the New Premium for a Tier 1 broker is \$850,000, then the New Business Supplemental Compensation will be 4% of the total \$850,000.

Block Management Supplemental Compensation

The Block Management Supplemental Compensation is to reward persistency on a broker's Existing Business during the Program Period. Broker is eligible to qualify for a Block Management Supplemental Compensation if the Initial Qualification and In-force Premium levels are met as of 1/31/2022. In-force Premium levels are a minimum of \$1,000,000 for Tier 1 brokers and a minimum of \$500,000 for Tier 2 brokers. The Block Management Supplemental Compensation payout percentage is determined based on the Premium Persistency Ratio⁸, per the table below. The Block Management Supplemental Compensation payment is calculated by applying the payout percentage to the capped Paid Premium⁹ for the Existing Business.

Premium Persistency	Tier 1: In-force Premium		Tier 2: In-force Premium
	\$1,000,000 – \$4,999,999	\$5,000,000+	\$500,000
80.00% – 84.99%	0.25%	0.75%	0.25%
85.00% – 89.99%	0.75%	1.25%	0.50%
90.00% – 94.99%	1.75%	2.25%	1.00%
95.00%+	2.75%	3.25%	2.00%

Additional program terms and conditions:

- This Program excludes any line of coverage not specifically mentioned as a Program Eligible Line of Coverage.
- New Line of Coverage¹⁰ (NLOC) will be doubled for both coverage count and premium on cases up to 5,000 lives to be applied to the Initial Program Qualification and Program Supplemental Compensation calculations. NLOC premiums are first capped and then two times of the capped premiums are used for Program Supplemental Compensation calculations. Lives will be determined by identifying the maximum eligible lives across all Program Eligible Lines of Coverage for the case.
- Any retiree buyout of Existing Business coverage occurring during the Program Period is considered a one-time premium payment, included only in the New Business calculations for this Program Period and excluded from any subsequent Program Period's Block Management calculations.
- Riders are not counted as a separate line of coverage, but the premium generated from riders attached to the Program Eligible Lines of Coverage will be included in premium-based calculations.
- Broker must be listed as a broker of record on the Program Eligible Line of Coverage as of 1/31/2022 for related premium to be included in the broker's Initial Qualification and any calculations for the Program. The Lincoln commission systems will be used as the source of record to identify the broker of record on a case.
- If premium or fees for Program Eligible Lines of Coverage needs to be credited and paid to a broker other than the broker receiving commissions, then written notification must be provided to Lincoln from the broker of record stating to whom the credit should be applied.

- Net of commission cases will be set up in the Lincoln commission systems solely for the purpose of recording eligibility for the Program.
- For Program Eligible Lines of Coverage, excluding Worksite Accident and Critical Illness, that have commissions split between multiple payable entities, regardless of the commission split percentages, all will receive equal premium credit splits and case count splits. For Worksite Accident and Critical Illness lines of coverage that have commissions split between multiple payable entities, case count and premium will be credited to each entity at based on the vested commission split percentage.
- A Program Eligible Line of Coverage for which an entity only receives an override and/or a service, technology or marketing fee will be excluded from the Supplemental Compensation calculations for that broker. Supplemental Compensation credit for that line of coverage would go to the entity receiving commission. Brokers subject to a General Agent Consolidated Brokerage Supplemental Compensation Program agreement (“Consolidated Program”) with Lincoln will have their Program Eligible Lines of Coverage and premium consolidated into the Consolidated Program. Such brokers are excluded from Program participation and are not eligible to receive a Program payment directly from Lincoln. Brokers with general agents are responsible for confirming with their general agent whether they are subject to a Consolidated Program.
- Worksite Accident and Critical Illness coverages have policies issued under a single group ID.
 - Initial Enrollments with effective dates during the Program Period will count as a single new line of coverage for Initial Qualification; they will not count as one line of coverage per member.
 - Premium for reenrollments (enrollment by existing members with policy effective dates prior to the Program Period who continue coverage during the Program Period) will be included in Existing Business.
 - Premium for open enrollments (enrollment by new members who have never been covered prior to the Program Period and elect coverage with new effective dates that fall within the Program Period) will be included in New Business.
 - Individual member terminations that occur during the Program Period will be grouped under the single group ID and premium for individual termed members will be excluded from Supplemental Compensation calculations.
 - Capping will be applied to in-force members only. The cap will be split proportionately, based on the percentage of New Business In-force Premium and the percentage of Existing Business In-force Premium.

Sole 2021 Program

The 2021 Supplemental Compensation Program (“Program”) as detailed herein, replaces any and all Supplemental Compensation or Incentive Programs previously distributed, published or advertised by Lincoln Financial Group.

Program modification, compliance and interpretation

Lincoln reserves the right to modify this Program at any time with or without advance notice or to discontinue the Program for any subsequent annual Program Period. By participating in the 2021 Program or by submitting business to be calculated for the 2021 Program, Brokers agree to solicit only those coverages for which Brokers are validly licensed and appointed. Brokers agree to comply with any and all applicable state or federal laws and regulations, including but not limited to compensation and compliance disclosures. The terms, conditions of this Program and any corresponding inquiries, questions or disputes will be interpreted and determined at Lincoln Financial Group's sole discretion. Broker requests made during the Program Period to combine offices/brokers for calculation purposes will be reviewed by Lincoln Financial Group on a case-by-case basis, and additional qualification requirements may be required.

New York Regulatory approval required

Inclusion in this Program of policies issued by Lincoln Life & Annuity Company of New York and Lincoln Life Assurance Company of Boston is subject to approval of the State of New York Department of Financial Services ("NYDFS"). In the event it is determined that the Program Supplemental Compensation does not comply with such regulatory requirements or that NYDFS does not approve the Program Supplemental Compensation for the Lincoln Life & Annuity Company of New York and Lincoln Life Assurance Company of Boston policies, these policies will not be included in this Program Supplemental Compensation calculations.

Independent Contractor

Nothing in this Agreement shall be interpreted to create any employment or joint venture relationship between the parties. Broker is free to exercise independent judgment concerning the groups solicited and the manner, time and place of solicitation, subject only to their duty to act in good faith and in accord with applicable laws. Any assistance or instruction a Lincoln employee or agent gives Broker shall be considered aid to such entity (and not directions controlling their activities).

Successors

This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.



Contact your Lincoln employee benefits sales representative to learn more.

References and Disclosures

¹**In-force Premium:** The aggregated estimated annual premium and fees calculated from all paid bills during the Program Period for Program Eligible Lines of Coverage for both New Business and Existing Business.

New Business is Program Eligible Lines of Coverage effective during the Program period and in-force on 2/1/2022.

Existing Business is Program Eligible Lines of Coverage effective prior to 2/1/2021 and in-force on 1/1/2022.

²**New Premium:** The aggregated estimated annual premium and fees (limited to the first 12 months on fee-based products) calculated from all paid bills for New Business Program Eligible Lines of Coverage.

³**Disability:** Employee optional LTD and employee optional STD product sales will only count toward the premium qualification portion of the Initial Program Qualification; they will not count as a new line of coverage. When multiple statutory disability policies are sold on a single case, they will be counted as a single line of coverage and combined into one premium amount under this Program. New York insured Paid Family Leave will not be included in this Program's Supplemental Compensation calculations.

⁴**Fee Based Products:** Absence Management, ASO Statutory Disability, ASO State Paid Leave, ASO Company Paid Leave, Self-funded Dental, ASO LTD, ASO STD and ATP will each count as a single line of coverage for the line of coverage portion of the Initial Program Qualification. These lines of coverage are only eligible for Supplemental Compensation on first year fees and will be calculated using the New Premium definition. After 12 months, fees on these lines of coverage will be excluded from Supplemental Compensation calculations.

⁵**Dental and Vision:** 50% of dental and vision premium is included. Dental and vision premium is first capped and then 50% is applied to the capped premium used for Supplemental Compensation calculations.

⁶**Worksite Accident/Critical Illness:** Initial enrollments with effective dates during the Program Period will count as a single new line of coverage for the Initial Program Qualification; they will not count as one line of coverage per member.

⁷**Capping:** Total premium and fees for each Program Eligible Line of Coverage for Supplemental Compensation calculations will be capped at \$500,000 for Tier 1 and \$250,000 for Tier 2.

⁸**Premium Persistency Ratio:** Determined by dividing a Broker's Existing Business In-force premium on 1/1/2022 (for coverages effective prior to 2/1/2021) by the Broker's Existing Business In-force premium on 1/1/2021 (for coverages effective prior to 2/1/2021). Persistency ratio percentages are not rounded.

⁹**Paid Premium:** The aggregated amount of premium received by Lincoln between 1/1/2021 and 12/31/2021 for Existing Business Program Eligible Lines of Coverage, including any New Business on Existing Case. Paid Premium does not include premium received by Lincoln for member policies that have been ported or policies that have been converted or spun-off from an existing policy.

New Business on Existing Case ("NBOC"): Growth or increase to the premium of Existing Business Program Eligible Lines of Coverage occurring during the Program Period. Paid Premium on NBOC does not count toward the Initial Qualification or New Business calculations.

¹⁰**New Line of Coverage ("NLOC"):** New Business added to a case with Existing Business during the Program Period.

Guarantees are subject to the claims-paying ability of the issuing company.

Insurance products (policy series GL1101, GL3001, GL11, GL11LG, GL41, GL51, ULPD 5048, WIND) are issued by The Lincoln National Life Insurance Company (Fort Wayne, IN), which does not solicit business in New York, nor is it licensed to do so. In New York, insurance products (policy series GL1101, GL111, GL3001, GL11, WIND) are issued by Lincoln Life & Annuity Company of New York (Syracuse, NY). Both are Lincoln Financial Group® companies. Product availability and/or features may vary by state. Limitations and exclusions apply.

DHMO (DHMO.EOC.HN01.CA) is underwritten in California by Dental Benefit Providers of California, Inc., San Francisco, CA, licensed by the Department of Managed Health Care. DHMO (LFG7110110) in Florida is offered by Solstice Benefits, Inc., Plantation, FL, a Licensed Prepaid Limited Health Service Organization; Chapter 636 F. S., and administered by Dental Benefit Providers, Inc. DHMO (TX-EOC 08 2010) is underwritten in Texas by National Pacific Dental, Inc., Houston, TX. The companies listed in this paragraph are not Lincoln Financial Group® companies. Coverage is subject to actual contract language. Each independent company is solely responsible for its own obligations.

Vision coverage is provided by or through UnitedHealthcare Insurance Company, located in Hartford, Connecticut; UnitedHealthcare Insurance Company of New York, located in Islandia, New York; or their affiliates. Administrative services are provided by Spectera, Inc.; UnitedHealthCare Services, Inc.; or their affiliates. Plans sold in Texas use policy form number VPOL.06.TX or VPOL.13.TX and associated COC form number VCOC.INT.06.TX or VCOC.CER.13.TX. Plans sold in Virginia use policy form number VPOL.06.VA or VPOL.13.VA and associated COC form number VCOC.INT.06.VA or VCOC.CER.13.VA. This policy has exclusions, limitations and terms under which the policy may be continued in-force or discontinued. For costs and complete details of the coverage, contact Lincoln VisionConnect at 1-800-440-8453.

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