

October 30, 2017 – Vol. 15, Issue 19

## Extension of Maturity Offer – Beginning October 30, 2017

In response to agent and policy owner requests and to better align with industry practices, beginning October 30, 2017 Lincoln is offering to extend the maturity date on certain permanent life insurance policies in order to preserve the death benefit within the contract and help avoid a taxable event. These older products typically have maturity dates ranging from age 95-100, and due to the age of this business, policies are beginning to approach these dates. Newer products often contain a maturity extension feature as part of the base contract.

As traditional life policies reach maturity, the “maturity” benefit, typically the cash surrender value, is paid to the policy owner. At that time, disbursements are treated as distributions for tax reporting purposes (with gains reported in the same manner as other taxable distributions).

If the extension is elected, the policy benefit will be paid on the extended maturity date, which is the earlier of the date the policy is surrendered or the date of death of the Insured (or the surviving Insured, if the policy is a survivorship policy). There may be tax consequences to either surrendering the policy on or after the original maturity date or continuing the policy past the maturity age of the applicable Insured(s). A tax advisor should be consulted.

### Offer Highlights

Approximately eight to twelve months before the original maturity date, Lincoln will send the following to the policy owner and copy the servicing agent:

- An offer letter stating the ability to extend the contract for the life of the insured(s)
- Form AMD-7033 Extension of Maturity Date Amendment
- Form BJ-1423 Amendment to Policy (used to record policy owner election)

In order for an extension election to be valid:

- The policy owner must sign, date and return the Amendment to Policy form at least **30 days prior** to the original maturity date of the policy.
- Policies **cannot be extended after** the original maturity date has been reached.

### Amendment Availability

#### Products:

This initial phase will offer the Extension of Maturity Amendment **on specific whole life policies** subject to the following:

- Eligibility is dependent on actual policy contract language
- Endowments, retirement income, family protection, and term products are not eligible
- Riders benefits will not be extended

It will ultimately be offered on all of Lincoln’s permanent products that do not already include the extension.

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**Companies:**

The Amendment will be available on whole life insurance policies **written through operating companies under Lincoln National Life Insurance Company including:**

- Jefferson Standard, Pilot Life, Jefferson Pilot
- Chubb, Colonial
- Kentucky Central
- Guarantee Life, American Guardian, Westfield
- Lincoln National Life Insurance Company

**Not currently available but in the process of being filed** on whole life policies written through:

- Lincoln Life & Annuity Company of New York

**Not currently available/applicable** on whole life policies written through:

- CIGNA (automatically available without amending the original policy)
- First-Penn Pacific Life Insurance Company (term products only; not eligible)
- Aetna

**Jurisdictions:**

The Amendment is **approved in all jurisdictions EXCEPT:** Florida, Louisiana, Massachusetts, Missouri, New Hampshire, New York, Pennsylvania, Puerto Rico, Virgin Islands, and Virginia.

**Mailings**

Since policies cannot be extended after their original policy maturity date has been reached and insured(s) are already beginning to approach these dates, mailings will be staggered to maximize the number of eligible policies. The first mailing will occur November 13, 2017.

Subsequent mailings will occur as additional policies become eligible:

- A mailing will occur each April to all policy owners whose policy qualifies and has a maturity date through December of the following year.
- Future mailings will occur as additional products/companies/jurisdictions become available.

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