How does an MVA work?
If you make a full or partial surrender of an annuity with an MVA during the surrender charge period, you could have money added to, or subtracted from, the withdrawal amount on the date of the surrender. In general, the MVA decreases the cash surrender value when the U.S. Treasury Constant Maturity yield rises (see Graph A) and increases the cash surrender value when the U.S. Treasury Constant Maturity yield decreases (see Graph B).

Graph A

Graph B

A Market Value Adjustment (MVA) is an adjustment (positive or negative) that may be applied to the contract value if you make a full or partial surrender of your contract before the end of the surrender charge period. The MVA does not apply after the surrender charge period ends, to the 10% annual free withdrawals, to the death benefit, or to annuitization as allowed by the contract.

The MVA is based on the change in the U.S. Constant Maturity Treasury (CMT) or Treasury Constant Maturity yield, as published by the Federal Reserve, from the date the premium is credited to the contract value to the date of surrender.

The hypothetical examples below demonstrate how the MVA and surrender charges are calculated. These examples are based on the definitions and assumptions shown on page two. These examples are not illustrations or predictions of how an actual contract will perform. The MVA cannot reduce the cash surrender value below the guaranteed minimum cash surrender value. The MVA cannot increase the cash surrender value by more than the maximum amount that the MVA can decrease the cash surrender value. Note: The MVA could be larger than the surrender charge.

Example 1: Surrender in a rising U.S. Treasury Constant Maturity yield environment

J = 5.00%
MVA factor = 1 - [(1 + 0.04) / (1 + 0.05)]^{54/12} = 0.042149
MVA = $135,000 x 0.042149 = $5,690.12
Surrender charge = ($135,000 - $5,690.12) x 0.06 = $7,758.59
Cash surrender value = $150,000 - $5,690.12 - $7,758.59
= $136,551.29

Example 2: Surrender in a falling U.S. Treasury Constant Maturity yield environment

J = 3.00%
MVA factor = 1 - [(1 + 0.04) / (1 + 0.03)]^{54/12} = -0.044438
MVA = $135,000 x (-0.044438) = -$5,999.13
Surrender charge = [$135,000 - (-$5,999.13)] x 0.06 = $8,459.95
Cash surrender value = $150,000 - (-$5,999.13) - $8,459.95
= $150,000 + $5,999.13 - $8,459.99
= $147,539.18

1 “Contract value” is also referred to as accumulation value, and “contract” is also referred to as policy.
2 Withdrawals are subject to income taxes and, if withdrawn before age 59½, a 10% federal penalty tax may apply. For products with an Initial Interest Rate Guarantee Period that is longer than the Surrender Charge Period, the MVA applies until the end of the Initial Interest Rate Guarantee period.

Products issued by:
The Lincoln National Life Insurance Company
Lincoln Life & Annuity Company of New York
*The MVA Reference Rate is the average U.S. Treasury Constant Maturity yield plus the LMVA Composite OAS Index rate (based on product and state availability).

†These examples assume that no prior partial surrenders have been taken in the contract year that the surrender occurs.

‡These examples assume that only one premium payment is paid.

For products and in the states where it is available, the LMVA Composite OAS Index rate will be as of the last business day of the month corresponding to the calendar month for which the MVA Reference Rate applies. If the LMVA Composite OAS Index is no longer available or is discontinued, it may be substituted with another suitable index or indices for determining this component of the MVA Reference Rate.

††These examples assume that only one premium payment is paid. If multiple premium payments are paid subsequent to the initial premium payment, the MVA factor used for a surrender will be the weighted average MVA factor applicable to each premium payment. Not all products allow subsequent premium payments.

‡‡These examples assume that no prior partial surrenders have been taken in the contract year that the surrender occurs.

For more information about the annuity, please also read the Client Guide, Disclosure Statement, and Facts At-A-Glance, or contact your Lincoln representative.

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**Definitions**

<table>
<thead>
<tr>
<th>Definition</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>MVA factor</td>
<td>$1 - \left( \frac{(1 + I)}{(1 + J)} \right)^{\frac{N}{12}}$</td>
</tr>
<tr>
<td>I</td>
<td>The MVA Reference Rate* on the date the premium was credited to the contract value</td>
</tr>
<tr>
<td>J</td>
<td>The MVA Reference Rate for the premium on the date of surrender</td>
</tr>
<tr>
<td>N</td>
<td>The number of full months remaining from the date of surrender until the end of the surrender charge period</td>
</tr>
<tr>
<td>MVA</td>
<td>Contract value surrendered in excess of the 10% annual free withdrawal times the MVA factor</td>
</tr>
<tr>
<td>Surrender charge</td>
<td>Contract value surrendered in excess of the 10% annual free withdrawal, less the MVA, times the applicable surrender charge percentage</td>
</tr>
<tr>
<td>Cash surrender value</td>
<td>Contract value surrendered, less the MVA, less the applicable surrender charge</td>
</tr>
</tbody>
</table>

**Hypothetical assumptions**

<table>
<thead>
<tr>
<th>Hypothetical assumption</th>
<th>Value</th>
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<tbody>
<tr>
<td>Initial premium†</td>
<td>$120,000</td>
</tr>
<tr>
<td>Contract value</td>
<td>$150,000</td>
</tr>
<tr>
<td>10% annual free withdrawal‡</td>
<td>$15,000</td>
</tr>
<tr>
<td>Contract value surrendered in excess of the 10% annual free withdrawal</td>
<td>$135,000</td>
</tr>
<tr>
<td>MVA Reference Rate on the date the premium was credited to the contract value (I)</td>
<td>4.00%</td>
</tr>
<tr>
<td>Surrender charge percentage</td>
<td>6.00%</td>
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<tr>
<td>N</td>
<td>54 months</td>
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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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Withdrawals are subject to income taxes and, if withdrawn before age 59½, a 10% federal penalty tax may apply. In addition, a surrender charge and a Market Value Adjustment will apply during the surrender charge period. Examples of Market Value Adjustment (MVA) and surrender charge calculations contain the calculation formulas applicable to an MVA in the event the annuity is surrendered before the end of the surrender charge period.

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The exact terms of the annuities are contained in the contracts and any attached riders, which will control the appropriate issuing company’s contractual obligations. For more information about the annuity, please also read the Client Guide, Disclosure Statement, and Facts At-A-Glance, or contact your Lincoln representative.

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