



## Additional Compensation & Conflicts of Interest

The Lincoln Investment Companies strive to provide to you objective investment advice to assist you in retiring well. Inherent in any recommendation, however, the potential for conflicts of interest may exist. This conflict can come from the compensation our Advisors may receive on specific investments or advisory services, or it may come from the compensation that we may receive from third party providers as a result of your purchase of products, advisory or retirement plan services. It is important for you to understand these conflicts of interest so that you may make an informed decision to allow us to serve your investment needs. Below are some of the compensation factors that may affect your Advisor's recommendations or our decision as to the products and services that we offer. Should you have any questions about this information, please contact your Advisor.

### **Product and Pricing Choice**

Our product sponsors have been chosen based on their ability to offer products that meet the financial needs of our investors. With the ever-expanding array of products and services and the complexity associated with many of today's investment choices, we believe it is important for investors to work with a qualified financial professional. Our Advisors are dedicated to assisting you in finding suitable investment products. We have limited the product choices and product sponsors available to you and our Advisors so that we can better prepare our Advisors with product knowledge and information to better serve you.

### **Products and Services Compensation to your FA**

Overall compensation to your Advisor, as a result of your investments with us, may be in the form of commissions, concessions, advisory fees, distribution fees, persistency fees, and contest prizes, such as cash bonuses, trips and gifts. As a registered representative, your Advisor typically will share in the compensation from the product sponsors that is received by us in the form of commissions or concessions as may be described in a prospectus, for the sale of such securities as mutual funds and variable annuities to you. We also receive from some product sponsors an ongoing distribution or servicing fee (also known as 12b-1 fees) of 1% or less for as long as your money remains invested in their product(s) that may be shared with your Advisor. As an Advisory Representative, your Advisor shares in the advisory fees paid by you for our advisory services; and he/she may also share in the ongoing 12b-1 fee of 1% or less that may be received from the product sponsor(s) in which you are invested. As a general insurance agent, your Advisor shares in the compensation received by us for the sale of insurance products to you, such as, life, health, disability, long term care, and fixed annuity products.

### **Other Compensation to Lincoln and Our Conflicts of Interest**

For many of the investments and investment advisory programs offered by the Lincoln Investment Companies, Lincoln Investment and/or Pershing LLC, act as broker-dealer. As broker dealer, Lincoln Investment and/or Pershing may handle the execution, clearing and custody of your assets. For this, Lincoln Investment may share in other forms of compensation from the investment advisors, product sponsors, or Pershing.

Lincoln Investment recognizes its fiduciary responsibility to place your interests above ours and that other compensation received by us from other sources presents a conflict of interest and could be looked upon by you as an incentive for us to recommend investment products based on compensation rather than on your financial needs.

Lincoln Investment believes that this compensation is important to us, and you. It allows us to provide services to you, including, 24/7 internet access to your account information, the ongoing education and training of our Advisors, and the capability to maintain lower servicing fees for services provided to you. Lincoln Investment has chosen to address this conflict by disclosing the types of compensation and the parties who pay it to us so that when you are making your decision to do business with us, you can personally assess the importance of this compensation in your decision.

Lincoln Investment's principal business is as a broker-dealer. The majority of Lincoln Investment's revenue comes from the commissions, concessions and distribution fees associated with the sale of mutual funds, variable annuities, stocks, bonds and insurance to our clients. Lincoln Investment, acting as both your broker-dealer and registered investment adviser, could be deemed a conflict of interest. You always have the option to purchase advisory services, securities products or insurance through non-affiliated investment advisers, brokers or agents.

Other compensation to Lincoln Investment may include the following:

### **12b-1 Fees.**

Lincoln Investment offers mutual funds, some of which pay to us ongoing distributions fees, also referred to as servicing fees or 12b-1 fees. These fees differ by share class. Depending on the share class, the 12b-1 fees can range from 0.00% to 1.00%. This creates a financial incentive for Lincoln Investment and our Advisors to recommend a mutual fund share class that pays a 12b-1 fee. To avoid this financial conflict of interest, effective July 1, 2016, for accounts that are assessed an advisory fee, any 12b-1 fees received by us will be either refunded to your account or applied as a credit and offset against your next advisory fee billing.

For non-fee based accounts, Lincoln Investment will not be refunding or crediting back the 12b-1 fee to your account and we may or may not share the 12b-1 fees with your Advisor. Lincoln Investment's policy as to which Advisor shares in the 12b-1 fees varies based on such Advisor factors as: (1) whether the Advisor is in a company agency or independent agency branch office; (2) whether the Advisor qualifies for Lincoln Investment's achievement clubs by meeting certain production criteria; (3) whether the product paying the 12b-1 fee is a Strategic Partner and/or (4) whether the product issuing the 12b-1 fees maintains an electronic relationship with Lincoln Investment for the sharing of client information.

You should ask your Advisor what we do with the 12b-1 fees we receive. The retention of 12b-1 fees creates a financial incentive for your Advisor to offer you those products for which he/she does qualify to share in 12b-1 fees.

Any 12b-1 fees derived from the assets in a qualified employer retirement plan governed under ERISA will be refunded or credited back to the plan/plan participants in the same way that fee-based accounts will be handled.

### **Commissions or other compensation based on recommendations**

Our Advisors could recommend to you both the purchase and sale of non-advisory securities or insurance products offered by Lincoln Investment, in addition to advisory services offered by Lincoln Investment or Capital Analysts.

Lincoln Investment shares with each Advisor a percentage of the commission received based on the type of product sold (e.g., mutual fund or variable annuity), and not specifically on the named product or sponsor of the product. Lincoln Investment also shares with Advisors a percentage of the advisory fees you pay to us.

Most of Lincoln Investment's Advisors are independent contractors who may also offer other non-security financial services and products, such as, life, health, disability, long term care and fixed annuity insurance products, real estate and retirement plan administration services. These services may be offered independent of The Lincoln Investment Companies.

Your Advisory Representative may have more than one relationship with you – one as an Advisory Representative over an advisory account and one as a Registered Representative/Agent over a non-advisory account where he or she may receive a sales commission for the sale of securities or insurance products which shall be in addition to any advisory fees earned on your advisory assets. In these situations, our Advisory Representative may have greater financial incentives to offer you both investment and /or insurance sales as well as advisory services.

### **Authorized Agent for UMB Bank, N.A.**

Lincoln Investment acts as authorized agent for UMB Bank, N.A., the retirement plan custodian used in our SOLUTIONS retirement plan platform offerings. As an authorized agent, Lincoln Investment collects on behalf of UMB Bank, N.A. the custodial fee for all SOLUTIONS retirement plan accounts, and, in return, performs the administrative and custodial duties, such as, recordkeeping, consolidated reporting, client communications, trade confirmations, account statements and tax reporting for UMB Bank, N.A. As we retain a significant portion of the custodial fee collected, Lincoln Investment has

a financial inducement to encourage Advisors to recommend to you the SOLUTIONS retirement plan platforms over other retirement plan custodial services. This could be deemed to be a financial conflict of interest. This fee is not shared with the Advisor.

### **Advisor Due Diligence Seminars**

Advisors are invited from time-to-time by product sponsors to due diligence and educational meetings or seminars hosted by the product sponsor. Lincoln Investment must grant permission to our Advisors to attend any meeting or seminar hosted by a product sponsor. Lincoln Investment approves events that are limited to education only and allows the product sponsor to reimburse the Advisor, through Lincoln Investment, for travel expenses only.

### **Sales Incentives**

Lincoln Investment offers sales contests that may provide additional incentives to your Advisor to offer one product or service over another. Lincoln Investment offers sales contests based on such criteria as gross compensation to the Advisor, net sales of Lincoln Investment and Capital Analysts managed advisory programs, net sales of Advisor managed programs, and net sales of third party managed advisory programs. These contests may provide your Advisor with an incentive to offer you fee-based advisory services over commission-based brokerage services. Top achievers in these contests may receive Lincoln Investment-sponsored trips, cash prizes, bonus commissions, extra club points, monetary donations in their name to a charity of their choice or other nominal prizes. No contest is offered which will award the Advisor based upon a specific investment product or on a specific product sponsor. Lincoln Investment will not accept any business that is not deemed suitable for the investor. Lincoln Investment's Advisors may also be licensed and appointed with various insurance companies to offer insurance products to you. Although Lincoln Investment does not offer specific product sales incentives for securities products, issuers of non-securities insurance products, such as fixed annuity issuers, may offer sales incentives to our Advisors in the form of cash bonuses and trips if certain sales thresholds are met. You should ask your Advisor about these incentives at the time of sale.

### **Endorsements**

From time-to-time, Lincoln Investment makes lump-sum payments to education-based associations and not-for-profit organizations with a large constituency of employees who are eligible to invest in 403(b) retirement plans (Associations). In some cases, Lincoln Investment voluntarily makes such payments to reimburse the Associations for certain marketing expenses (e.g., newsletter advertisements) in connection with Lincoln Investment's products and services. Certain Associations require Lincoln Investment to reimburse them for (1) marketing expenses; (2) use of their Advisor facilities used to meet with their employees; (3) to obtain their explicit endorsement; or (4) to cover their administrative costs for the processing of payroll contributions.

### **Loans and Advances**

On occasion, Lincoln Investment may loan, give a monetary advance to, or pay for practice management services for an Advisor to assist an Advisor in running his or her business. Sometimes these loans or advances may be waived if certain sales or assets under management thresholds or conditions are met. In situations where a sales or assets under management threshold exists, this conflict of interest will be disclosed in the Advisor's Form ADV 2B, which is required to be delivered to every new advisory client.

### **Additional Compensation**

Lincoln Investment has partnered with a select group of product sponsors who assist us in the marketing efforts and training of our Advisors.

Our Strategic Partners provide financial support to Lincoln Investment for our sales events, such as our recognition clubs, sales conferences, and may reimburse Lincoln Investment for approved Advisor expenses such as due diligence meetings, client meetings or seminars, and general mailings. In return, we provide them access to our Advisors.

This financial support is paid to Lincoln Investment in the form of flat-dollar event sponsorship fees, asset-based or sales-

based compensation. This compensation is not shared with Advisors.

The following is a list of Strategic Partners:

<b>Our Mutual Fund Strategic Partners<sup>1</sup></b>	<b>Our Variable Annuity Strategic Partners<sup>5</sup></b>
AIM	AIG - VALIC
Federated Investors, Inc.	AXA Equitable
JP Morgan Securities	Commonwealth Annuity and Life Insurance Company
Franklin Templeton Investments	Jackson National Life Insurance Company
Lord Abbett & Co. LLC	Lincoln Financial Group
Oppenheimer Funds	MetLife, Inc.
Putnam Investments	Prudential (American Skandia)
	Security Benefit Group
<b>Insured Bank Deposit Partner<sup>2</sup></b>	
Pershing LLC Interlink Program	
<b>Our Advisory Strategic Partners<sup>3</sup></b>	<b>Our Fixed Annuity Strategic Partners<sup>6</sup></b>
CLS Investments, LLC	AIG - VALIC
ICON Advisors, Inc.	Allianz
Russell Investments	Great American Insurance Group
Meeder Financial	Jackson National Life Insurance Company
	Security Benefit Group
<b>Clearing Firm Partners<sup>4</sup></b>	
Charles Schwab and Company	
Pershing LLC	

1. Compensation from Mutual Fund Strategic Partners ranges from 0.02% to 0.27% on some or all assets, or is a flat fee;
2. Compensation from Insured Bank Deposit Partner ranges from 4% to 60% of the Bank Deposit Rate;
3. Compensation from Advisory Strategic Partners ranges from 0.06% to 0.25% on some or all assets;
4. Compensation from Clearing Firm Partners ranges from 0.02% to 0.14% of custodied assets and varies based on mutual fund assets;
5. Compensation from Variable Annuity Strategic Partners ranges from 0.07% to 0.25% on some or all sales or assets, or is a flat fee;
6. Compensation from Fixed Annuity Strategic Partners ranges from 0.07% to 0.50% on some or all sales, or is a flat fee.

### **Sales and Marketing Support - Alpha**

The following is a list of our Strategic Partners, clearing partners and other product sponsors who paid us any Sales and Marketing Support in 2015 in alphabetical order.

Advanced Asset Management Advisors, Inc.	JP Morgan Securities
AEI-Trust Advisors, Inc.	Lincoln Financial Group
AXA Equitable	Meeder Financial
Clark Capital Management Group, Inc.	Mewbourne Oil Company
CLS Investments, LLC	MetLife, Inc.
CNL Securities	North American Company for Life & Health Insurance
Commonwealth Annuity and Life Insurance Company	Oppenheimer Funds
Delaware Investments	Pershing LLC
Federated Investors, Inc.	PIEtech, Inc.
FinaConnect Inc.	PIMCO Investments LLC
Franklin Templeton Investments	Prudential
Great American Insurance Group	Putnam Investments
Hines Securities, Inc.	Russell Investments
ICON Advisors, Inc.	Security Benefit Group
Individual Commercial Brokerage, Inc.	T. Rowe Price
Inland Securities	The Variable Annuity Life Insurance Company

Invesco, Ltd.
Jackson National Life Insurance Company

Touchstone Investments
Waddell & Reed, Inc.

### Sales and Marketing Support - High to Low

The following is a list of our Strategic Partners, clearing partners and other product sponsors who paid us any Sales and Marketing Support in 2015 in high to low revenue order.

Pershing LLC
Meeder Financial
Russell Investments
Jackson National Life Insurance Company
Security Benefit Group
Franklin Templeton Investments
Oppenheimer Funds
Invesco, Ltd.
CLS Investments, LLC
Federated Investors, Inc.
Lincoln Financial Group
ICON Advisors, Inc.
Touchstone Investments
Putnam Investments
MetLife, Inc.
Prudential
Commonwealth Annuity and Life Insurance Company
Inland Securities
Advanced Asset Management Advisors, Inc.

Great American Insurance Group
The Variable Annuity Life Insurance Company
American General Life Insurance Company
Mewbourne Oil Company, Inc.
Clark Capital Management Group, Inc.
JP Morgan Securities
Ameriprise Financial
AXA Equitable
Hines Securities, Inc.
CNL Securities
AEI Trust Advisors, Inc.
Delaware Investments
PIMCO Investments LLC
T Rowe Price
FinaConnect, Inc.
Individual Commercial Brokerage, Inc.
North American Company for Life & Health Insurance
PIEtech, Inc.
Waddell & Reed, Inc.

### Administrative Services - Alpha

Administrative Services represent reimbursement to Lincoln Investment from the product sponsor for services such as recordkeeping, networking and shareholder services.

The following is a list of our Strategic Partners, clearing partners and other product sponsors that paid Lincoln Investment for Administrative Services in 2015 in alphabetical order.

Alliance Bernstein L.P.
American Century Investments
American Funds
Broadridge
Calamos Investments
Calvert Investments
Charles Schwab Corporation
CLS Investments, LLC
Davis Investments, LLC
Delaware Investments
Federated Investors, Inc.
Franklin Templeton Investments
Fred Alger Management, Inc.
Goldman Sachs & Co.
Guggenheim Funds Distributors
ICON Advisors, Inc.
Invesco, Ltd.
JP Morgan Securities
Loomis, Sayles & Company

Mainstay Investments
MFS Investment Management
Natixis Global Asset Management, S.A.
Neuberger Berman, LLC
Nuveen Investments, Inc.
Oppenheimer Funds
Permanent Portfolio of Funds, Inc.
Pioneer Investments
Prudential
Putnam Investments
Ridgeworth Capital Management, Inc.
Royce & Associates, LLC
RS Investment Management Co., LLC
Russell Investments
Scudder Kemper Investments, Inc.
Sentinel Investments
Transamerica Capital, Inc.
US Global Investors, Inc.
Waddell & Reed, Inc.

Lord, Abbett & Co. LLC
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Wells Fargo Advisors, LLC
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### Administrative Services - High to Low

The following is a list of our Strategic Partners, clearing partners and other product sponsors that paid Lincoln Investment for Administrative Services in 2015 in high to low revenue order.

Russell Investments
Charles Schwab Corporation
American Funds
Franklin Templeton Investments
Oppenheimer Funds
Delaware Investments
Federated Investors, Inc.
Invesco, Ltd.
Broadridge
JP Morgan Securities
Putnam Investments
Lord, Abbett & Co. LLC
Waddell & Reed, Inc.
Transamerica Capital, Inc.
Wells Fargo Advisors, LLC
ICON Advisors, Inc.
MFS Investment Management
Goldman Sachs & Co.
CLS Investments, LLC
Scudder Kemper Investments, Inc.

Fred Alger Management, Inc.
Alliance Bernstein L.P.
Guggenheim Funds Distributors
Prudential
Calvert Investments
Pioneer Investments
Permanent Portfolio of Funds, Inc.
Neuberger Berman, LLC
Davis Investments, LLC
RS Investment Management Co., LLC
Sentinel Investments
Calamos Investments
American Century Investments
Loomis, Sayles & Company
Natixis Global Asset Management, S.A.
Ridgworth Capital Management, Inc.
Mainstay Investments
Nuveen Investments, Inc.
US Global Investors, Inc.
Royce & Associates, LLC

Overall, in 2015, additional compensation revenue received by Lincoln Investment from Sales and Marketing Support, Administration Services, and Due Diligence Seminar expense reimbursement fees represented .0404% of total investor assets or \$4.04 of additional compensation to Lincoln Investment for every \$10,000 in an investor's account.

Advisory services offered through Capital Analysts, LLC or Lincoln Investment Planning, LLC Registered Investment Advisors.  
Securities offered through Lincoln Investment Planning, LLC, Broker/Dealer • Member FINRA/SIPC.  
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