



# How to Complete the Life Suitability, Best Interest and Summary Disclosure Form

Lincoln Life Insurance – New York

---

## Overview

The **Life Suitability, Best Interest and Summary Disclosure Form for New York (Form number LF11943NY – current version 9/19)** was created to establish a system of suitability supervision and best interest standards for recommendations made that involve Life insurance transactions. This process is required for all new business and certain in-force transactions (if applicable). Specifically, the Life Suitability, Best Interest and Summary Disclosure Form is *required* for:

1. All Life applications that are signed on 2/1/2020 or later.
2. Certain in-force transactions will require the submission of the Life Suitability, Best Interest and Summary Disclosure Form. These changes are including, but not limited to, non-contractual face increases, product changes and policy replacements; incoming 1035 exchanges; and policy rider or benefits additions requiring full or partial underwriting (i.e. Accidental Death Benefit Rider, Change of Insured Rider, Children's Term Insurance Rider, Other Insured Term Rider, Primary Insured Term Rider, Waiver of Premium.)

The current version of the form will be found on the Lincoln Forms Tool.

## Tips for completing the Life Suitability, Best Interest and Summary Disclosure

- We do not require a suitability form for Non-Natural Owners (a "non-natural owner" is any owner that is not a living person) except for a Revocable Grantor Trust as the owner. **Please note:** When completing the suitability form for a Revocable Grantor Trust, responses should be based on the trust settlor's/grantor's overall income, assets, and health.
- All questions, including those asking for an explanation or for additional information, must include a response. If an explanation is unavailable, not applicable or unknown, the prospective client(s) or producer/representative must indicate that in the proper field.
- **Lincoln reserves the right to request additional information to make an informed suitability decision or decline the policy if information is inadequate to make an informed suitability decision. Unsolicited sales will normally not be accepted.**
- As a best business practice, Representatives should leave a copy of the signed suitability form with the client on or before policy delivery.
- Sales that are NOT recommended are typically not accepted.
- If there is a need to return the Suitability Form to the client for additional information or clarification, be sure to circle the new response and clearly cross out the previous response. **\*\*It is important that the client initial and date the change. Several sections of the form allow for updates to be made over a recorded line. If you choose to update the paperwork instead, any and all additions or amendments must be initialed and dated by the client.**

The Form Sections in the table below coincide with the Form Sections in the current Life Suitability, Best Interest and Summary Disclosure Form (Form number LF11943NY – current version 9/19) to assist with completion:

Form Section	Reminders	Common NIGOs
General Information	<p>All questions should be answered <u>or addressed</u> (if the question doesn't apply, the client should write "N/A").</p> <p>Please select the underwriting class for Term Life insurance only – N/A for non-Term Life.</p> <p>If Nursing home question is answered "yes", there should be a detailed explanation that supports extenuating circumstances as a policy <b>should not</b> be issued for a nursing home resident.</p> <p>Lincoln will <b>deny</b> suitability if the client has a reverse mortgage.</p>	Not fully complete.
Financial Information	<p>Answers should be based on combined household (excluding dependents).</p> <p>Liquid Net Worth – List client's total amount of liquid net worth including premium payment (if liquid). This question is N/A for Term Life insurance.</p> <p>All questions require a response.</p> <p>When suitability is initially denied based on amounts provided and form is returned with those amounts altered, the client will be required to provide a detailed written explanation as to explain why the information changed. This explanation must be initialed and dated by the client.</p>	Updates not initialed and dated by client.
Existing Liabilities and obligations	<p>Existing liabilities and obligations consist of, including but not limited to, mortgage, large credit card debt balances, auto or student loans, and life insurance premiums.</p> <p>Client needs to provide the type of liability, current balance, monthly payment and the term of the liability.</p> <p>If the client does not have liabilities or obligations, please select the checkbox that identifies the client does not have any liabilities or obligations.</p>	<p>Not fully complete.</p> <p>Updates not initialed and dated by client.</p> <p>Left blank.</p>
Available Funds – Liquidity Needs	<p>Check "Yes" or "No". It is important that the client has enough cash or liquid assets available for living expenses or any expenses that arise due to an unexpected emergency. If "No", client must explain in the space provided.</p> <p>This section is N/A for Term Life insurance.</p>	Client chose "No" but did not provide explanation.

Form Section	Reminders	Common NIGOs
Financial Experience	Complete all that apply.	Updates not initialed and dated by the client.
Financial Time Horizon	<p>If the client intends to fully surrender the policy during the surrender charge period and incur surrender charges, the client needs to explain why and to indicate whether they can afford the policy. <b>**Note: This question is N/A for Term Life insurance.</b></p> <p>If the client anticipates a negative material change during the surrender charge period (i.e., annual income, liquidity needs, etc), client needs to explain how this change will impact their ability to afford the policy.</p>	<p>Client chose “full surrender”</p> <p>Client answered “yes” to anticipated material change and did not include an explanation.</p>
Risk Tolerance	<p>Two Part question - Please have the client choose one answer to each question.</p> <p>Risk tolerance for <b>non-guaranteed elements</b> is N/A for Term Life insurance.</p>	Client selected “moderately aggressive/ aggressive” risk tolerance and the proposed product is Fixed Life insurance.
Surrender Charges	<p>The client needs to confirm that they understand the product has a Surrender Charge schedule and Market Value Adjustments (MVA – not applicable with certain state, product, and rider combinations) associated with it and suitability cannot be approved until client understands that we may increase or decrease the amount they receive on an excess withdrawal(s) based on Surrender Charges and/or MVA.</p> <p>This section is N/A for Term Life insurance.</p>	Client answered “No”.
Source of Funds	<p>If money from a canceled life insurance policy or annuity contract is selected, please refer to Reg 60 guides and submit all applicable replacement forms.</p> <p>If the transaction is identified as a replacement (Question 18b or 19 is “yes”), the client must answer and identify what the significant material benefit they will realize when replacing their current policy. The features and benefits of the proposed Lincoln Life policy must outweigh the features and benefits of the policy(s) being replaced.</p> <p><b>**Note**</b> If a client owns an annuity contract and is withdrawing funds beyond certain provisions (i.e., annuitization, income rider, penalty free withdrawals, etc.) and will be using those funds to finance their proposed Lincoln life policy, that is identified as a replacement.</p>	<p>Client surrendered an annuity or life policy within the past 36 months and are now using those funds to finance the proposed life policy <u>but did not</u> identify the transaction as a replacement.</p> <p>Client did not answer the significant material benefit question (Question 20).</p>

Form Section	Reminders	Common NIGOs
Product Considerations	<p>Multi-part question – Please have the Producer confirm that the client has been reasonably informed of the various product features and considerations. Please indicate how the list of factors or features impact the recommendation. If any are “Does Not Support”, please provide explanation.</p>	<p>Not answered or answered “No”</p> <p>Not fully completed.</p> <p>Explanation not included if “Does Not Support” is chosen</p>
Agent/Representative’s Statement	<p>The producer must confirm that the purchase/and or exchange of the proposed life insurance policy is suitable and in the best interest of the client’s needs and objectives. The producer must confirm their recommendation was not influenced by their receipt of compensation or other incentives.</p> <p>This section must be fully completed, signed and dated, and must be answered from the Producer’s point of view.</p> <p>Please be sure to access the Vulnerable Persons Agent Guide, review, and then confirm that you have reviewed the guide by answering the Vulnerable Persons question. The Vulnerable Persons Agent Guide offers ideas for producers/representatives working with vulnerable adults and encourages producers/representatives to take steps to ensure they are familiar with “red flags” that indicate a client may lack the proper judgment to make sound financial decisions.</p> <p>The <a href="#">Vulnerable Persons Agent Guide</a> is located on the Lincoln Forms Tool.</p>	<p>Not fully completed.</p> <p>Vulnerable Persons Guide not reviewed.</p> <p>Unsigned/undated.</p>
Owner/Applicant’s Statement	<p>Client must sign and date. If Joint Owners/Joint Trustees: All must sign and date.</p>	<p>Unsigned/undated.</p>

### Products and features subject to state availability.

Life insurance issued by Lincoln Life & Annuity Company of New York, Syracuse, NY, and distributed by Lincoln Financial Distributors, Inc., a broker-dealer. Contractual obligations are backed by the claims-paying ability of the issuing insurance company. The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. Lincoln Financial Group is the marketing name of Lincoln National Corporation and its affiliates.