

# Commonly asked questions about Lincoln annuities

## 1035 exchange death proceeds from another carrier

Lincoln annuities are a type of retirement savings vehicles that offer tax-deferred growth and income options, including lifetime income.

**Question:** Can Lincoln accept 1035 exchange death proceeds from another carrier to fund a new Lincoln contract?

**Answer:** Yes, Lincoln will accept this type of 1035 exchange, as long as the following conditions are met:

- The death proceeds must be from a nonqualified contract; and
- Lincoln must receive the 1035 exchange proceeds directly from the other carrier; and
- The beneficiary must begin payments, based on their life expectancy, within 12 months of the original owner's death.

### The following steps will walk you through the process.

**1** Call your Lincoln internal wholesaler to see if the business qualifies for the exchange. Qualifications are as follows:

- The death proceeds must be payable under a nonqualified annuity contract.
- The beneficiary must begin payments based on his/her life expectancy within 12 months of the date of death of the original owner.
- As long as the distribution stream is started in a timely manner, the beneficiary may complete an exchange to a Lincoln annuity contract and continue the stretch even after the first anniversary of death.
- Lincoln will accept the exchange even if a payment has been taken from the existing contract.
- The beneficiary on the existing contract MUST be an individual—no trusts and no estates.
- The annuitant on the Lincoln contract must meet Lincoln's age requirements.
- This exchange is mainly beneficial for nonspouse beneficiaries. Spouses can generally assume ownership of the deceased's contract and start a regular contract.

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

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## ② Call the originating carrier for the following information:

- Ask the carrier if they allow outgoing 1035 exchanges of death claims. If necessary, your Lincoln internal wholesaler can join you on the conference call to help explain what is needed to have the death benefit transferred to Lincoln via a 1035 exchange so the beneficiary can take his/her death benefit distributions at Lincoln.
- If the carrier allows this type of exchange, ask how they want you to fill out the death claim form (most firms prefer the nonqualified stretch option, but some want you to choose a different option) and how the carrier will report the exchange. Multiple contracts from multiple carriers can be combined into one Lincoln deceased contract. However, only contracts from the same deceased and same market (the line of business or the tax qualification) may be combined.
- If the carrier does not allow this type of exchange, then Lincoln cannot accept the business.
- The releasing carrier's tax reporting will determine whether the distribution is a 1035 exchange or a taxable death benefit payment.
- Most ownership will reflect:
  - The owner on the Lincoln contract—Jane Doe, beneficiary of John Doe (deceased). The owner CANNOT be a trust or estate.
  - The annuitant on the Lincoln contract—Jane Doe. The annuitant's age must meet Lincoln's age requirements.
  - The owner/annuitant on the 1035 paperwork should reflect what is shown in the two bullets above. After the claim settles at the other carrier or the beneficiary chooses the 1035 option, the existing carrier should process the ownership change prior to the exchange.

### ③ You are ready to begin the 1035 process as follows:

- File the death claim at the originating carrier as instructed (unless they instruct you to send the claim forms with the 1035 letter of acceptance).
- Establish an individual nonqualified contract with the beneficiary as annuitant. The annuitant line should list the beneficiary's name. If the existing contract has an annuitant different from the deceased, the annuitant must be changed once it is at Lincoln by submitting a "change of annuitant request" (form number 28683).
  - The electronic ticket or application would be completed like any 1035 exchange, with one difference, the owner line must read as follows:

**"[Jane Doe] Beneficiary FBO Deceased [John Doe]"**

Note: if the electronic ticketing system will not allow you to change the owner line on the ticket, you will need to complete a manual ticket.

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- Required forms include:\*
- Application
- ACORD 1035 Exchange form (including Reg. 60 for NY contracts)
- Deceased Contract Request form (AN07361)
- RMD/AWS withdrawal form
- State Replacement form (if applicable)
- Death certificate
- Use all the regular, pre-filled paperwork from the electronic ticketing system. However, be sure to update the ACORD form so the owner line and annuitant line match up exactly to what the originating carrier requires.

### ④ You are ready to submit the business as follows:

- Call your internal wholesaler first! Let them know this ticket is on its way and provide the beneficiary's Social Security number for identification purposes.
- The internal wholesaler should let Annuity Operations know the ticket is coming. Note that the ticket may be labeled as NIGO (not in good order) at first, due to missing information related to the deceased (such as the date of death, end-of-year account value, etc.). However, all of this can be addressed by phone so the business can proceed.

\*Additional forms may be required.

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