FOR RETIREMENT

Lincoln Financial Group[SM]

Planning ahead

Understanding the Roth feature of your Governmental 457(b) retirement plan

Plan Participant Guide

Hello future.®

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What is a Roth 457 retirement plan?

A Roth 457 allows you to make after-tax contributions on a regular basis. When withdrawn, investment earnings may be tax-free, and your contributions are always tax-free, which may result in reduced income taxes during retirement. This is different from a traditional 457 plan in which participants make pretax contributions and must pay taxes on withdrawals.

Roth 457 basics and benefits

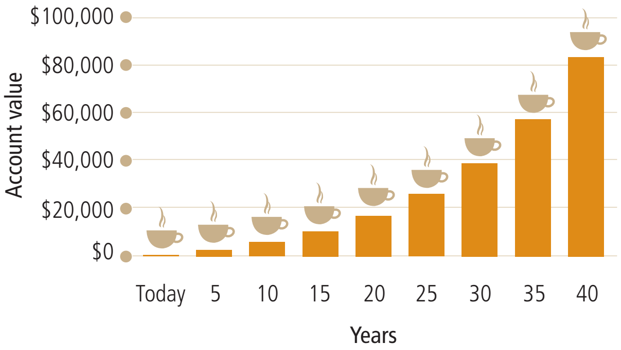
Why should I consider a Roth 457 plan?

There are several benefits to consider when participating in a Roth 457 plan.

- **Your retirement**—A Roth 457 plan is an easy way to invest for your retirement.
- **It's easy!**—You contribute through the convenience of automatic payroll deduction.
- **Tax-deferred growth**—Your money grows on a tax-deferred basis.
- **Consistent savings**—Saving a set amount on a regular basis, such as every payday, can help increase your earnings.
- **Tax-free distribution**—Entire Roth account, including earnings, may be withdrawn tax free.

Begin today

Can't afford to start a retirement plan today? It might be easier than you think. If you were to commit just $10 a week—what you might spend on coffee each week—to your Roth 457 plan, even small contributions can add up over time.



Assumes a $10/week contribution and a 6% annual return in a Roth 457. This hypothetical example is not indicative of any product or performance, and does not reflect any expense associated with investing. Taxes may be due upon distribution if excess contributions are made. It is possible to lose money investing in securities.

Once you've committed to regularly saving with your Roth 457 plan, getting money into your account is easy.

How do I make contributions?

It's simple. Once you are eligible to participate, your contributions are made through payroll deductions.

To participate in a Roth 457 retirement plan, you must complete an enrollment form. The amount you designate as a deduction will be automatically withdrawn from your paycheck and contributed to your Roth 457 retirement plan. Be sure to check with your employer or Lincoln Financial representative for your specific plan enrollment requirements.

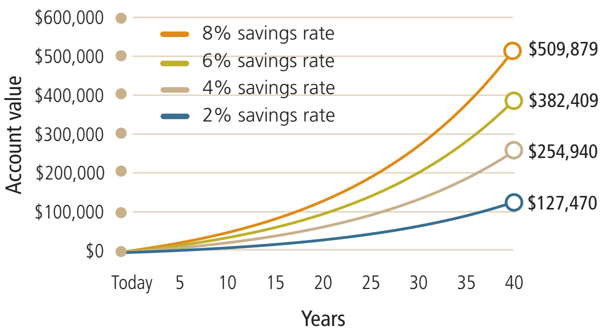
Can I change the amount or stop my contributions?

Yes. You may raise or lower the amount of your contributions during any open enrollment period (or as permitted by your employer). You may also stop making contributions into the plan by submitting a written request to your employer.

If you discontinue your contributions, there is no penalty to you, and you are entitled to receive all of the money you've contributed to the plan and its earnings when you retire or meet the other withdrawal conditions. If you want to start making contributions again, you may do so during any open enrollment period.

How much should I contribute?

Deciding how much to contribute to your plan depends on many factors, including what you can afford and how long you have until retirement. Even a small amount, invested regularly, can add up to significant savings over the long term.



This graph assumes a $40,000 annual salary and a 6% annual return in a Roth 457. This hypothetical example is not indicative of any product or performance, and does not reflect any expense associated with investing.

Are there limits to the amount I can contribute?

Yes. The tax law limits the maximum amount of contributions that can be excluded from your salary in any one year.

How much can I contribute if I join the plan mid-year?

If you join mid-year, you can make up for any missed months, as long as your total contribution does not exceed the annual limits.

What investment choices do I have for my Roth 457 plan contributions?

There are a variety of investment options available for, and specific to, your Roth 457 plan. Contact your employer or Lincoln Financial representative for the list of your choices.

Does Roth 457 participation affect my Social Security benefits?

You can still contribute to other retirement plans (contribution limits may apply), and your Social Security taxes and benefits are not affected by Roth 457 participation.

What do I need to know about taxes and my Roth 457 contributions?

Since contributions are made with after-tax dollars, you will not be taxed again on those amounts. Investing money on which you have already paid taxes means that you will not pay taxes on this money later, when you are retired.

How long can I contribute to my Roth 457 plan?

You can contribute to your Roth 457 plan as long as you are an employee with an eligible employer, and the employer permits salary reduction contributions.

Is the money that I put into the Roth 457 plan subject to my employer's creditors?

No, it isn't. Roth 457 deferred compensation plans are held for the exclusive benefit of the participants and their beneficiaries. This ensures that your contributions into the plan will be there when you need them.

Your Roth 457 deferred compensation is designed as a long-term retirement plan. When you reach retirement, and in some cases prior to that, you may need access to your money.

How can I access funds from my account?

There are several ways to receive money from your Roth 457 plan:

- Prior to retirement, you may take a withdrawal, subject to certain restrictions.
- You may be able to receive a qualified tax-free distribution.
- Upon your retirement, you can begin taking distributions.

When is a withdrawal permitted from my Roth 457 account?

Withdrawals are available from your Roth 457 plan for specific reasons, such as:

- Retirement
- Separation from service with your employer
- Total and permanent disability
- Unforeseeable emergency
- Distributions made to your beneficiaries upon your death
- Qualified domestic relations order (divorce payments to ex-spouse or children)

Important considerations: If you take a withdrawal for one of these reasons, you will have to pay income taxes unless the distribution meets the requirements of a qualified distribution. In addition, the account may have withdrawal or surrender charges.

Once I retire, when am I required to take retirement distributions and for how long?

The IRS requires that you begin to receive distributions no later than April 1 following the year you reach age 70½ (unless you are still working for and do not own more than 5% of the organization). Once you begin receiving required distributions, you must continue to receive them until your account value is depleted or until your death.

How will I receive my retirement distributions?

Your retirement distributions may be paid out in a number of ways, such as:

- Automatic withdrawal
- Annuity payout options
- Lump sum withdrawal

Contact your employer or Lincoln Financial representative for more information.

What if I change jobs?

If you remain eligible for a Roth 457 when you change employers, you have several options:

- In some cases, you may leave your accumulated assets in the previous employer's plan. You should direct any future contributions to your new employer's plan.
- You can roll over assets from your old plan to another eligible retirement plan offered by your new employer. No taxes will be due if the rollover is executed properly.
- You may take a lump sum distribution. The earnings that are reinvested may be included as income for that year and taxed accordingly.

If, once you leave your employer, you do not remain eligible for a Roth 457 plan, you may:

- Leave your assets in the Roth 457 of your previous employer. You will be able to transfer funds within your account, but will not be able to make any additional contributions.
- Roll your account value directly into another eligible qualifying retirement plan.
- Take a lump sum distribution. Keep in mind, the earnings of the account may be subject to taxes and a penalty if the distribution does not meet the requirements for a qualifying event.

What happens to my Roth 457 account if I die?

If you die before your retirement distributions have begun and your beneficiary is your spouse, he/she may elect any distribution method that was available to you, such as:

- Rolling the money over to an IRA
- Leaving the accumulated assets in the contract/ program
- Taking distributions over his/her life expectancy

If your beneficiary is not your spouse, he/she has two options:

- Electing to receive a lump sum distribution, payable within five years of your death
- Electing, within one year of your death, to receive periodic payments based upon his/her life expectancy

If you die after you've begun to receive distributions based upon your lifetime, your beneficiary can receive payments over his/her life. The beneficiary may also choose to take the entire remaining account balance at any time during the payout period.

May I take out a loan?

Check with your employer or Lincoln representative to see if loans are permissible with your plan.

Tomorrow's plan begins today

Investing in a Roth 457 is an easy, convenient way to begin securing your financial future. Automatic salary reductions alleviate the worry of making regular contributions on your own.

Take advantage of the opportunity today. Waiting, even as little as one year, can cost your retirement thousands of dollars.

Age	Retirement plan balance at age 65	Cost of waiting one year
25	$383,393	**$24,039**
26	$359,354	
35	$195,851	**$13,423**
36	$182,428	
45	$91,129	**$7,495**
46	$83,634	

This is a hypothetical illustration and is not indicative of any product or performance; it does not reflect any taxes due upon distribution or any fees associated with investing. Investment options are subject to market risk. It assumes $200 monthly contributions, 6% interest, and retirement at age 65.

More than eight out of 10 Americans take advantage of the retirement plan offered to them.[1] Join them and begin working toward your future today.

If you have additional questions about your employer's Roth 457 plan, please contact your employer or Lincoln representative.

The *Lincoln InStep®* participant education program offers one-on-one guidance to help you every step of the way—from enrollment up to and through retirement. You can also meet with a retirement professional for personal help—compliments of your employer.

[1] Employee Benefit Research Institute, "The 2010 Retirement Survey: Confidence Stabilizing, but Preparations Continue to Erode," March 2010: 18.

Mutual funds and variable annuities are sold by prospectus. Investors are advised to carefully consider the investment objectives, risks, and charges and expenses of a mutual fund, and in the case of a variable annuity, the variable contract and its underlying investment options. To obtain a mutual fund or variable annuity prospectus that contains this and other information call: 800 4LINCOLN. Read the prospectus carefully before investing or sending money.

Variable annuities are long-term investment products designed particularly for retirement purposes and are subject to market fluctuation, investment risk and possible loss of principal. Variable annuities contain both investment and insurance components and have fees and charges, including mortality and expense, administrative and advisory fees. Optional features are available for an additional charge. The annuity's value fluctuates with the market value of the underlying investment options, and all assets accumulate tax-deferred. Withdrawals of earnings are taxable as ordinary income and, if taken prior to age 59½, may be subject to a 10% federal tax penalty. Withdrawals will reduce the death benefit and cash surrender value. There is no additional tax-deferral benefit for an annuity contract purchased in an IRA or other tax-qualified plan.

Variable annuities sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY, and distributed by Lincoln Financial Distributors, Inc., a broker/dealer. For all other states, variable annuities are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, and distributed by Lincoln Financial Distributors, Inc., a broker/dealer. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so.** Contractual obligations are backed by the claims-paying ability of the appropriate issuing company.

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