



Lincoln Financial Advisors Corporation

Financial Planning Brochure

March 30, 2016

Lincoln Financial Advisors Corporation
1300 South Clinton St., Suite 150
Fort Wayne, IN 46802 (800) 237-3813

www.lfa-sagemark.com

This brochure provides information about the qualifications and business practices of Lincoln Financial Advisors Corporation. If you have any questions about the contents of this brochure, please contact us at (800) 237-3813. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Lincoln Financial Advisors Corporation also is available on the SEC’s website at: www.adviserinfo.sec.gov.

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

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Item 2: Summary of Material Changes

This brochure (“Brochure”) for Lincoln Financial Advisors Corporation (“LFA”) is dated March 30, 2016, and the last annual update of this Brochure was dated March 30, 2015. There have been no material changes since the last annual update to the Brochure. Clients are encouraged to read the Brochure in detail and contact their representative with any questions. If you would like another copy of this brochure or any other LFA brochure, please download it from the SEC web site at www.adviserinfo.sec.gov, or you may contact Lincoln Financial Advisors Corporation at (800) 237-3813 or lfaria@lfg.com.

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Item 4: Advisory Business

Lincoln Financial Advisors Corporation (“LFA”) is an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). LFA was incorporated in 1968, and has been registered with the SEC as an investment adviser since 1992. LFA is wholly owned by The Lincoln National Life Insurance Company (“LNL”), which is wholly owned by Lincoln National Corporation (“LNC”). Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

As of 12/31/2015, LFA managed \$12.1 billion of client assets on a non-discretionary basis, and \$1.4 billion on a discretionary basis across all of LFA’s advisory programs.

LFA offers a wide variety of investment advisory programs and services. These services are sometimes marketed using the name Sagemark Consulting, a division of Lincoln Financial Advisors. Investment adviser representatives of LFA, including those who use the name Sagemark Consulting (together, “LFA Representatives”) assist clients in achieving their financial goals by providing personalized financial planning services and investment solutions.

Any information relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and should not be relied on as such. Neither LFA nor the LFA Representatives provide tax, legal or accounting advice.

More information about LFA’s investment advisory programs and services is contained in the applicable LFA brochure (or Form ADV, Part 2A) and is available through the SEC’s public disclosure website, www.adviserinfo.sec.gov. These brochures may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at lfaria@lfg.com.

For additional information regarding services and fees associated with brokerage and fee-based accounts, please refer to the ‘*Guide to Understanding Your Brokerage and Advisory Relationships*,’ which can be accessed in the “Brochures” section of our web site at: www.lfa-sagemark.com. To request a copy of the *Guide*, please contact your advisory representative or LFA directly at (800) 237-3813, or email us at: lfaria@lfg.com.

Financial Planning Services

LFA Representatives provide financial planning services through a written planning agreement. Planning is focused on specific areas and based upon each client’s individual financial situation and personal or business objectives. The degree of detail and sophistication of the financial planning services provided varies according to the individual client’s circumstances. Each client is provided with a written summary of the work undertaken. Plans are usually completed within six months of contract date.

LFA’s planning services are advisory only. Any information relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and should not be relied on as such. Neither LFA nor the LFA Representatives provide tax, legal or accounting advice, or other professional services.

Through meetings and discussion with your LFA Representative, your LFA Representative will gather the information necessary to understand your financial situation. The information gathered will include your current financial status, future goals and objectives, and attitudes towards risk. Once this information and any requested financial records and other documents supplied by you are received, your financial data is analyzed and observations are made based upon your current financial circumstances.

Financial challenges are identified and specific financial planning strategies are recommended and presented to you in a written report for your consideration. Your financial plan will address one or more of the following areas:

Personal Financial Planning

- **Estate Planning.** During the estate planning process your LFA Representative provides investment advice to enable you to make informed decisions with respect to property ownership, distribution of assets, estate tax reduction, and tax payment. Based on your current situation and your future goals, your LFA Representative will review your estate plan, discuss planning techniques, and suggest alternative strategies when appropriate. The estate planning process involves a discussion of gifting, trust implementation, wills, etc., and the disposition of business interests. Tax consequences and their implications are identified and evaluated.
- **Retirement Planning.** The retirement planning process includes an analysis of your current situation, a written discussion about alternative planning strategies, and techniques that can be used to assist you in accumulating wealth for retirement income, or in the appropriate distribution of assets following retirement. Tax consequences and tax implications are identified and evaluated.
- **Investment Planning.** During the investment planning process your LFA Representative evaluates your existing investments, analyzes your current economic circumstances and tax characteristics, and reviews your risk tolerance. This process includes an analysis of your current asset allocation and investment income. Tax consequences and tax implications are also identified and evaluated. Once your current situation has been reviewed, your LFA Representative will recommend strategies and investment accumulation techniques. The strategies and techniques recommended are designed to assist you with the selection of an appropriate asset allocation strategy in light of your investment objectives. The strategies and techniques outlined in the Investment Plan are designed to assist you with the achievement of stated investment goals at an appropriate risk level for you.

Business Owner Planning

- **Business Succession Planning.** The business succession planning process includes an analysis of the current state of your business, as well as your goals for the future of your business. Once the current state of your business and your future goals are determined, your LFA Representative will provide alternatives and strategies addressing the continuity or disposition of your business upon your retirement, death, disability, or decision to sell. Tax consequences and their implications are also identified and evaluated.
- **Executive Compensation Planning.** The focus of executive compensation planning is the analysis and recommendation of various compensation strategies to attract, retain and reward key employees of the business. This planning may also include the business owner as well. Objectives of the business owner and the financial structure of the business will be reviewed and taken into account in the analysis and recommendations. Tax consequences and tax implications are identified and evaluated.
- **Executive Financial Services.** LFA contracts with businesses and/or associations to provide financial planning services to their executives, partners, members and/or directors. In these instances, each individual will be provided with a personal financial plan as described above. Fees charged would be calculated based on the same criteria as the personal financial planning fees described in the Planning Fees section. Fees are generally paid by the business or the

association.

Nonqualified Deferred Compensation Planning. LFA also offers financial planning services on nonqualified benefits planning. The plan is summarized in a written document delivered to you, which reflects your current situation and an analysis of alternative ways to accomplish your objectives. For a nonqualified deferred compensation program, the analysis contains alternative methods to informally “fund” the program, including an overview of the accounting treatment of these methods and a recommendation on the appropriate method of “funding” for that employee.

Renewal Plans

After the first anniversary of the initial contract, you may wish, or the LFA Representative may suggest, that the planning contract be renewed. You may elect to have a written summary prepared or have your LFA Representative provide additional financial planning services.

Other Types of Planning Services

Client Consultation Services

Consultation services are provided on a more limited basis than the services included with a full financial plan, and may be limited to an isolated issue or specific area(s) of concern. Consultation services are offered to clients who want general investment advice or guidance relating to one or more of the following areas:

- A review of the client’s current investment portfolio and a discussion of a generic asset allocation not involving any specific investment recommendations.
- A review of a new or current issue regarding a portion of the client’s current plan, addressing one or more of the following areas: estate planning, retirement planning, investment planning, business succession planning, or college planning.

Your LFA Representative will carefully review all relevant materials pertaining to your specific consultation. The LFA Representative will then provide a consultation that reflects your current financial circumstances, your personal objectives, and recommendations for you to consider. The consultation services provided by your LFA Representative are limited to the advice given and the information discussed during the single consultation and any related follow up, and do not require an in-depth financial plan. If you would like a more detailed financial plan, you should enter into a financial planning relationship with LFA.

Seminars

LFA provides seminars to groups of employees, associates, and other organized groups. The seminars focus on various areas of financial planning, such as estate planning, investment planning, retirement planning, and business succession planning. Seminars are held on a negotiated fee basis. The investment information provided with this service is not intended to meet the objectives of each individual client

Implementation of Financial Plans

The services included in the planning process are limited to recommending strategies for the client to consider. Clients are in no way obligated to implement any recommendations, and are not obligated to do so through a LFA Representative. The implementation of any recommended strategies is entirely at the client’s discretion. The recommendations provided may be implemented through LFA Representatives, its

affiliates or other financial services providers. We cannot guarantee future financial results or the achievement of your financial goals through implementation of recommendations provided to you. LFA does not monitor the day-to-day performance of your specific investments as part of its financial planning or financial consulting services. Before implementing any recommendations you should consider carefully the ramifications of purchasing products or services, and you may want to seek further advice from your lawyer and/or accountant, particularly in connection with estate planning, taxes, or small business owner planning issues.

When you choose to purchase products and services through LFA, you have the option of investing through a transaction-based brokerage account, a fee-based investment advisory program, or both.

Transaction based-brokerage account. You pay commissions and other charges (such as sales loads on mutual funds) at the time of each individual securities transaction. This type of account may be more suitable than a fee-based investment advisory account if you do not want ongoing investment advice on assets held in the account, and you do not expect to trade on a regular basis.

Fee-based investment advisory program. You typically pay a monthly or quarterly fee based on the assets held within your account (and depending on the program, may also incur other charges such as brokerage commissions and transaction charges) for services such as ongoing investment advice, investment selection and recommendations, asset allocation, execution of transactions, custody of securities and account reporting services. This type of investment advisory program, sometimes called a “managed account”, may be more suitable than a brokerage account if you want ongoing investment advice and expect to trade more frequently. LFA acts as a sponsor and introducing broker in connection with some of the investment advisory programs and services and offers a number of different investment advisory programs and managed accounts. More information about LFA’s investment advisory programs and services is contained in the applicable LFA brochure (or Form ADV, Part 2A) and is available through the SEC’s public disclosure website, www.adviserinfo.sec.gov. These brochures may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at lfaria@lfg.com.

For additional information regarding services and fees associated with brokerage and fee-based accounts, please refer to the ‘*Guide to Understanding Your Brokerage and Advisory Relationships*,’ which can be accessed in the “Brochures” section of our web site at: www.lfa-sagemark.com. To request a copy of the *Guide*, please contact your advisory representative or LFA directly at (800) 237-3813, or email us at: lfaria@lfg.com.

In addition to creating plans for clients, LFA Representatives offer insurance and investment products issued or managed by other Lincoln affiliates, as well as insurance and investment products of unaffiliated firms. To minimize conflicts between the LFA Representative’s roles in the sale of products, the plan contains only generic recommendations regarding general types of insurance and investment products. In the financial planning process, the LFA Representative does not make recommendations regarding the purchase of specific insurance or investment products.

If a client chooses to implement their financial plan through LFA, the LFA Representative will be acting as a sales person in the sale of investment and insurance products, and may provide investment advice in connection with the management of client assets. A client who makes the decision to implement the product recommendations in their plan through LFA and its affiliates (the Lincoln Companies), will have access to a broad portfolio of insurance and investment products. Insurance products may include life insurance, disability and annuity products manufactured by Lincoln Companies and other unaffiliated companies. Investment products accessible through LFA Representatives are restricted to products approved for sale by LFA. LFA, in its role as investment adviser, also offers asset management and wrap-

Item 5: Fees and Compensation

Planning fees are charged according to various factors such as the income and net worth of the client and the complexity of the client's assets. The fee may depend on whether the service is made available by an employer as an employee benefit and/or whether the fee is for a new contract or the renewal of an existing contract. All planning fees are based on the specific planning services provided to the client and the complexity of the client's financial situation and goals.

Fees are negotiable at the discretion of LFA and the LFA Representative. Fees charged vary by office and by LFA Representative. Certain LFA Representatives provide comparable services for fees that are different from those charged by other LFA Representatives.

Financial Planning & Consultation Fees

Personal Financial Planning Fees

A fixed fee is specified in the planning contract, and a down payment of up to 100% of the total fee is billed to the client when the contract is signed. The balance of the fee, if any, is payable upon delivery of the financial plan. Fees charged to clients typically range from \$1,500 to \$75,000, or more. However, because situations affecting the planning process may change, fees may be re-negotiated and adjusted with the client's consent. Based on the client's individual financial situation and personal or business objectives, financial planning services may be provided in separate phases with a different fee charged for each phase. The individual phases and applicable fees would be based on the various components of the planning process, such as data collection, definition of objectives, and recommendations on specific areas of the plan.

Client Consultation Fees

A flat fee is charged for the consultation services and specified in the consultation contract. The fee may be based upon an hourly rate, multiplied by an approximate number of hours, but cannot be paid as a retainer fee for future services to be determined. The fee will be determined and billed when the client signs the contract. Fees charged for these services typically range from \$75 to \$250 an hour, but may be higher depending on the complexity of the situation.

Seminar Fees

Seminar fees are charged either as a flat fee for a group of attendees, or a flat amount per attendee. Fees are usually paid up front and are due upon completion of the seminar. The seminar agreement is terminated automatically upon the earlier of the completion of the seminar and the payment of the fee to LFA; or the cancellation of the seminar and the return of the fee, if one has been paid, to the payor.

Termination of Planning Services

All Financial Planning contracts may be terminated without penalty at the discretion of the client, within five (5) business days after the date that the contract is signed. If the client terminates the contract after that time but before the plan is delivered, any fees for work already completed will be due and any prepaid unearned fees will be refunded. If the client is dissatisfied with the focus or specificity of the plan, LFA will make appropriate changes to the plan at no additional cost, or at LFA's sole discretion, refund all or a part of the fee which the client has paid. The client must make the request in writing within ten days of delivery of the plan.

Compensation for the Sale of Securities

Clients have the option to purchase investment products recommended by LFA and its Representatives through other brokers or agents that are not affiliated with LFA. Should a client choose to implement any of the suggestions made in the recommended financial plan through LFA, we will be acting in our capacity as broker-dealer, not as investment adviser (unless otherwise agreed in writing), in executing transactions for your account.

Commissions and other compensation for the sale of investment products provide the primary compensation for LFA and many of its Representatives. LFA does not generally reduce its financial planning fees to offset any applicable commissions or markups.

If any of the Lincoln Companies or an unaffiliated company acts as an issuer, underwriter, distributor or adviser with respect to a product or program sold to clients, LFA earns compensation from such sale. In addition, these products and programs contain charges and commissions payable to the representatives involved. LFA and/or its representatives may also receive incentive awards for the recommendation of investment products, and/or "12b-1" distribution fees from investment companies in connection with the investment of client assets.

Depending on which product and/or service you purchase, you will also receive materials which disclose important information, such as product prospectuses, applications, and disclosure brochures. You should read and evaluate this information carefully, and contact your LFA Representative with any questions..

LFA has agreements with certain mutual fund companies, insurance companies, broker-dealers, investment advisers, and sponsors and custodians of advisory programs in which they provide compensation and expense reimbursements to LFA in support of the training, education and marketing support required of these products. In addition, LFA may impose certain administrative costs in connection with these programs. The method, timing and amount of payments vary by program and sponsor, and will typically be paid using one or more methodologies such as: a direct reimbursement of certain expenses; payment of a specified dollar amount to participate in certain conferences; payment of a fee or service charge for a transaction; payment of a fee based on sales volume; or a payment of a percentage of assets under management. Depending on the methodology, these payments may include fees in connection with securities transactions, transaction or account-based administrative or service charges, and may include payments of 12(b)-1 fees or other asset-based fees from money market funds and other mutual funds. Payments calculated as a percentage of assets under management range from 0% to 0.25%. Administrative charges, if applicable, range from 0.05% to 0.25%. Certain sponsors of these programs may also directly pay for certain educational and training costs of LFA Representatives, and send their employees to meetings to provide education and training on these programs. LFA has a conflict of interest to recommend products, services and strategies on which it receives higher compensation. We mitigate this conflict by disclosing it to you, not sharing any of these revenues with the LFA Representative that recommends transactions or strategies, and by requiring that there be a review of your account to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances. The advisory services sponsors and other companies that provide payments to LFA as described above can be found on the LFA website at www.lfa-sagemark.com.

LFA provides a variety of distribution and marketing support services to mutual fund companies based on their tier level within the strategic partner program (SPP), Tiers are 1 – 4 (1 being the highest tier). The participants in the four tiers of the SPP were based on a number of quantitative and qualitative factors. The services provided to companies participating in the SPP include, but are not limited to: opportunities to provide training and education regarding their funds advisors and or other firm personnel through

office visits, educational events or conferences; review, approval and distribution of mutual fund marketing materials to advisors and existing and prospective LFA clients; business planning and other communication and support from home office, field, sales, and specialist personnel; opportunities to provide content for internal communications; and sales related reports and other information and participation in sales campaigns .

The level of support and types of services provided are commensurate with the tier level and increase at the higher tiers. While the arrangement with each fund family may vary, each fund family may pay up to 0.25% of the gross amount of each sale, and/or up to 0.20% annually of the assets held of the fund family held by LFA clients. For example, for a \$10,000 transaction with a participating fund family, LFA may receive up to a one-time \$25 payment, and/or a \$20 annual payment for the period during which the assets remain at the fund family. Certain participating fund families also make additional payments to LFA for attendance at various educational meetings hosted by LFA throughout the year.

In addition to the mutual fund families that have formal distribution and marketing support agreements, other mutual fund families make flat dollar payments to LFA from time to time. These payments are not made as part of any formalized sales based or asset based agreement, but rather for specific activities including but not limited to exhibit booth space or presentation opportunities at LFA meetings.

LFA has agreements with custodians of advisory programs under which LFA provides the custodians with certain services, which vary by custodian. These services generally include but are not limited to (i) clerical assistance in completing account opening paperwork and opening client accounts, (ii) clerical assistance in maintaining client accounts, processing asset transfers and money movement, (iii) reconciling and assisting in updating client account information, (iv) clerical assistance in connection with client questions and account information research, (v) helping clients with using brokerage and account services such as periodic investment programs and check writing services, (vi) notifying custodian of certain customer complaints, and (vii) monitoring activity in client accounts. LFA receives compensation from the custodians for its performance of such services, including payments based on assets held in the custodian's "No Transaction Fee" ("NTF") mutual fund program. Such payments vary by custodian, and may be up to 0.25% of assets held in NTF mutual funds or up to 70% of the revenue received by the custodian from the participating mutual fund companies. Because LFA receives fees based upon NTF assets, LFA has a conflict of interest and is incited to recommend NTF funds over other investments in order to receive these custodial service payments. LFA may also receive a portion of any transaction fees charged to clients or LFA Representatives, a portion of any custodial fees charged to qualified plans and IRAs, compensation for any mutual fund positions held at the custodian, and other types of compensation from the custodian related to assets held or transactions placed through that custodian. LFA also has a conflict of interest due to the financial incentive to recommend a particular custodian based on the amount or level of NTF custodial service payments and other compensation that custodian provides. We mitigate these conflicts by disclosing it to you, not sharing any of these revenues with the LFA Representative that recommends transactions or strategies, and by requiring that there be a review of your account to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

LFA also has a financial incentive to select or recommend a particular custodian based on other compensation that the custodian provides to LFA and its affiliates. For example, under the agreement between LFA and its clearing firm, LFA is entitled to receive certain non-recurring business development credits, which are cash payments intended to reimburse LFA and its affiliates for a portion of the technology, training and development costs associated with transitioning to a new clearing platform. Although the dollar value of the business development credits is significant, these credits are not tied to

the amount of client assets custodied with the clearing firm or to particular transactions effected on behalf of advisory clients. LFA and its affiliates also receive additional retention payments during the term of the clearing relationship as well as reimbursement for account transfer costs associated with client account transfers into the custodian and clearing firm that represent new assets for the custodian and clearing firm. These account transfer cost reimbursements may not be offered or available to all new clients transferring their assets to the custodian and clearing firm. This creates a conflict of interest for the LFA Representative because he or she selects which clients receive the transfer cost reimbursement. We attempt to mitigate this conflict by disclosing it to you and also attempting to ensure that any transfer cost reimbursements provided to a client account is directly proportional to the actual costs incurred by the client in transferring his or her account to the custodian and clearing firm. This further ensures that the LFA Representative does not benefit himself or herself at the expense of the client in terms of these transfer cost reimbursements that are made available to clients..

LFA, its Representatives, and clients also receive the benefit of certain services provided by program sponsors and custodians. These services may include performance reporting, statement creation and delivery, technology systems including online access to account information, fee liquidation, notification and payment services, marketing material and other services related to the management of investment advisory accounts. Some of these services may involve additional charges to LFA, its Representatives, or to clients, while others are packaged and available as part of an investment advisory program without itemization of the cost of each product or service.

LFA has relationships with both affiliated and non-affiliated companies that may provide additional revenue and marketing support as well as education and training to LFA Representatives for the sale of fund, annuity, life insurance and alternative investment products. For current information regarding specific revenue and marketing support, including a list of product sponsors, please go to the LFA web site at: www.lfa-sagemark.com.

LFA Representative Compensation

Some LFA Representatives receive additional compensation and/or incentive awards for reaching certain levels of assets under management in the investment advisory programs, or generating a certain amount of revenue (in fees, commissions, or a combination of both) within a certain period. The client will not be charged any additional fees due to these circumstances. However, the receipt of additional compensation presents a conflict of interest and may affect the judgment of the LFA Representative.

Most LFA Representatives are registered representatives of LFA in its capacity as a broker/dealer, and licensed agents of LNL. In most cases, the LFA Representative can recommend products that are managed and/or sold by Lincoln companies provided that the recommendations are suitable given the client's investment objectives and other pertinent factors. When such recommendations are made, the LFA Representative receives additional compensation on these products. Lincoln companies will profit from any sales of Lincoln products to clients of LFA. LFA Representatives may be compensated by LFA and/or the product manufacturer via commissions, asset-based fees, and/or other compensation which is built into the costs and charges of the product. This presents a conflict of interest as LFA and the LFA Representatives have an incentive to recommend products on which they receive higher compensation. This presents a conflict of interest and gives LFA and its Representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. All of this information is fully disclosed in writing to the client at the time of entering into an advisory contract.

In some cases, LFA Representatives receive more compensation when placing Lincoln Financial Group manufactured products, and qualify for additional compensation based on the volume of those sales over time. LFA Representatives are also eligible for additional compensation and/or other incentives based on

factors such as sales volume of certain Lincoln products, the length of time that clients keep assets in the products, and/or the profitability of the products. LFA Representatives may also receive compensation based on the sales of Lincoln products by other representatives. Many LFA Representatives participate in benefit programs whose costs are partially reimbursed by Lincoln affiliates, and/or which are based on sales volume of Lincoln products. LFA-affiliated companies will also benefit financially from the sale of Lincoln life insurance, annuity, mutual fund and asset management products offered by LFA Representatives. These instances present conflicts of interest as these situations create a financial incentive for LFA Representatives to recommend products with higher compensation.

Because of the way products are priced and marketed, in certain circumstances, LFA Representatives may receive higher compensation for the sales of products offered by unaffiliated companies.

Some experienced new LFA Representatives moving their practices to LFA have received loans based on future sales of products and services offered by LFA, including both Lincoln and non-Lincoln products and services. In the past, some loans were offered based on Lincoln Financial Group products alone. Depending on the arrangement between LFA and the Representative, the repayment of these loans may be fully or partly waived based on reaching certain sales levels or revenues generated by the LFA Representative, or may be funded by additional compensation for these sales.

The potential conflicts of interest arising from the LFA Representative compensation arrangements described above are mitigated by the fact that LFA, LNL and their affiliated companies have suitability requirements and fiduciary obligations in certain circumstances, such as when LFA and LFA Representatives are acting in an investment advisory capacity, as well as regulatory and compliance rules and procedures which must be followed. In addition, LFA maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits. In most instances, LFA Representatives may only recommend products offered through LFA where LFA has a selling agreement with the product sponsors. This does not generally include “no-load” mutual funds or non-registered insurance or annuity products.

Item 6: Performance-Based Fees and Side-by-Side Management

LFA and its LFA Representatives do not charge fees based on a share of capital gains or capital appreciation of client assets.

Item 7: Types of Clients

LFA generally provides investment advice to individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, corporations or other business, and state or municipal government entities. LFA does not require a minimum account size in its provision of financial planning services, nor does it require that financial planning clients maintain either a brokerage or advisory account with LFA.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

LFA provides its financial planning services using both fundamental and technical approaches to financial planning. The financial plans provide analysis and advice in the following areas: investments, cash management, risk management, retirement planning and estate planning.

In the financial planning process, LFA’s Representatives will assist clients, through the use of approved questionnaires and software, in identifying their financial objectives. As part of this process, clients are responsible for providing LFA with information that is accurate and complete, and any failure to do so is

likely to affect the analysis and recommendations contained in the financial plan prepared for a particular client. LFA Representatives will recommend asset allocation strategies made up of different categories of financial assets in order to address specific client-identified economic and tax concerns. LFA Representatives have the latitude to determine how best to develop the financial plans that they present to clients. As a result, the composition of financial plans and the underlying recommendations offered by different LFA Representatives may vary greatly.

Client Responsibilities

Your financial plan is based on the information you provide to LFA. Your LFA Representative and LFA will only be responsible for updating and correcting the information you provided for the financial plan (e.g., to reflect changes in your life, financial situations, goals, and market or economic conditions) if you engage them to provide a new financial plan. As a result, your financial plan may become outdated or inaccurate as these factors change over time. LFA is not responsible for the accuracy of the assumptions and calculations made in financial planning software by third parties. Enhancements and changes to financial planning software may be made in the future.

It is the client's responsibility to determine if, and how, the suggestions contained in LFA's recommended financial plan should be implemented or otherwise followed. Clients should carefully consider all relevant factors in making these decisions, and clients are encouraged to consult with outside professional advisors, including for tax, accounting or legal advice.

Risk Factors

LFA's financial planning services include a recommended financial plan that is based on a client's stated investment objective, risk tolerance, age, current asset allocation and value of assets. The recommended financial plan is also based on historical financial data and assumptions about future financial trends (including market appreciation or decline, rates of return and risks for various asset classes). Historical data may not be an indicative of future performance and assumptions about future events may not prove to be true or relevant. LFA has no obligation to revise a client's financial plan or otherwise advise the client if any of LFA's assumptions change in the future. Further, there can be no assurance that a financial plan recommended by a LFA Representative will be successful in achieving the client's investment goals and objectives.

LFA's financial plans do not provide ongoing advice. Therefore, it is important for clients to monitor current events, such as changes in tax laws or in the financial markets, which may affect clients' financial plans and circumstances. Clients should reconsider their financial planning strategy and decisions from time to time to determine the impact that these events or changes may have on their circumstances.

In the financial planning process, the LFA Representative does not make recommendations regarding the purchase of specific insurance or investment products. If clients decide to implement the proposed recommendations through a brokerage or investment advisory account, clients should understand that all investments involve risk, that investment performance can never be predicted or guaranteed and that the value of your account will fluctuate due to market conditions and other factors. Clients are assuming the risks involved with investing in securities, and could lose all or a portion of the amount held in their account. In addition, forecasts of future performance of financial markets may prove to be incorrect. Diversification helps you spread risk throughout your investment portfolio. Different asset classes have different risk and potential return profiles and they perform differently in different market conditions. Diversification alone will not guarantee a profit or protect against a loss.

Investments made, and the actions taken for any such brokerage or advisory account will be subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance is not a guarantee of future results.

Item 9: Disciplinary Information

LFA is a registered broker-dealer and investment adviser. This section contains information about certain disciplinary matters that LFA believes are material to a client's evaluation of its advisory business or the integrity of its management. LFA has also been subject to disciplinary events relating to its brokerage business which LFA does not view as material to a client's evaluation of its advisory business or the integrity of its management. Additional disciplinary information relating to LFA's brokerage business can be found in Part 1 of LFA's Form ADV.

- On February 16, 2011 the Financial Industry Regulatory Authority ("FINRA") notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the "AWC") signed and submitted to FINRA by LFA on December 21, 2010. The AWC noted that between 2007 and 2009 LFA failed to adequately protect customer records and information in the firm's client portfolio management system and allowed certain employees to access its web-based customer account system by using shared log-on credentials without establishing adequate procedures and without controlling or monitoring who had access to the common log-on credentials. As a result of the foregoing, LFA violated Rule 30 of Regulation S-P, NASD Rules 3010, 2110 and FINRA Rule 2010. LFA was censured and fined \$150,000, and the fine was paid in full on February 23, 2011.
- On March 16, 2007, the Rhode Island Securities Department entered into a Consent Agreement with LFA. LFA employed two investment adviser representatives from October 2005 to June 2006 who regularly met with clients and provided investment advisory services at an office location in Rhode Island. The representatives were not properly licensed or exempt from licensing in the state of Rhode Island. The Securities Department took the position that this activity constituted conduct in violation of Section 7-11-203 of RIUSA and the rules promulgated thereunder. On June 24, 2006 applications for licensure for the representatives were submitted to Rhode Island and became effective on June 25, 2006. LFA paid an administrative penalty in the amount of \$5,000.

Item 10: Other Financial Industry Activities and Affiliations

LFA is also a registered broker-dealer, and its investment adviser representatives are also generally registered representatives of LFA.

LFA's principal business is as a broker-dealer selling investment products and services, including stocks, bonds, mutual funds, annuities, insurance products and options. LFA and its executive officers spend the majority of their time with these business activities. Some of LFA's executive officers are also officers of The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York. The proportion of time spent on each of these activities cannot be readily determined.

LFA is affiliated with the following companies due to common ownership by Lincoln National Corporation:

- The Lincoln National Life Insurance Company (insurance company)
- Lincoln Life & Annuity of New York (insurance company)

- LFA, Limited Liability Company (insurance agency)
- Lincoln Financial Distributors, Inc. (broker-dealer)
- Lincoln Financial Securities Corporation (broker-dealer, investment adviser, and insurance agency)
- Lincoln Financial Investment Services Corporation (broker-dealer)
- Lincoln Investment Advisors Corporation (investment adviser)
- First Penn-Pacific Life Insurance Company
- California Fringe Benefit and Insurance Marketing Corporation (insurance agency)
- JPSC Insurance Services, Inc.
- LFD Insurance Agency, LLC (insurance agency)
- Lincoln Financial Group Trust Company, LLC (trust company)
- Lincoln Investment Management Company (investment adviser)
- Westfield Assigned Benefits Company (insurance agency)

Conflicts of interest are created by financial incentives and/or compensation arrangements between LFA and its affiliates. These conflicts of interest and the steps taken by LFA to address them are described above in the section on “Fees and Compensation.”

LFA may recommend or select other investment advisors for clients and receive compensation directly or indirectly from those advisors. This creates a material conflict of interest in that LFA and its Representatives have a financial incentive to recommend advisors based on compensation paid. These conflicts of interest and the steps taken by LFA to address them are described above in the section on “Fees and Compensation.”

In addition, LFA and your LFA Representative may earn more compensation if you invest in a program described in this brochure than if you open a brokerage account to buy individual securities or mutual funds (although, in a brokerage account, you would not receive all the benefits of the programs described in this brochure, such as ongoing investment advice). For additional information regarding services and fees associated with brokerage and fee-based accounts, please refer to the ‘*Guide to Understanding Your Brokerage and Advisory Relationships*,’ which can be accessed in the “Brochures” section of the our web site at: www.lfa-sagemark.com. To request a copy of the *Guide*, please contact your advisory representative or LFA directly at (800) 237-3813, or email us at lfaria@lfg.com). Therefore, LFA Representatives and LFA may have a financial incentive to recommend one of these programs described in this brochure. The decision to invest in an advisory program is solely that of the Client. Clients are provided a full description of the services and relevant fees provided under each advisory program. We also require that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

LFA has adopted an Investment Adviser Code of Ethics, and all investment adviser representative and certain other individuals defined as “access persons” are required to understand and follow its provisions. Through this Code, LFA strives to ensure high standards of professional excellence and ethical conduct among its associates. The Code is aligned with Lincoln Financial Group’s long standing

shared values of: Integrity, Commitment of Excellence, Responsibility, Respect, Fairness, Diversity and Employee Ownership. LFA will provide a copy of its Code of Ethics to any client or prospective client on request. If you would like a copy of LFA's Investment Adviser Code of Ethics, please call (800) 237-3813, extension 3056, or e-mail us at: lfaria@lfg.com.

LFA may engage in principal transactions mainly involving debt securities. When doing so, these securities are recommended to LFA's clients on a fully disclosed basis, and are conducted on a "riskless transaction" basis. Under these circumstances, LFA may buy or sell securities it recommends to its clients as a principal. All of this information is fully disclosed to clients through trade confirmations.

LFA, its Representatives, and/or other associated persons may buy or sell securities identical to those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to clients. This creates a conflict of interest in that LFA Representatives have an incentive to put their own interests ahead of clients. Personal securities transactions by LFA Representatives are recorded and monitored by LFA.

LFA Representatives may provide financial plans to clients containing recommendations regarding investment services or products that are offered by LFA or its affiliates. LFA Representatives will not recommend that clients implement their financial plans through LFA, however, LFA Representatives may make clients aware that LFA or its affiliates offer products or services contained in a recommended financial plan. The decision of whether to implement a recommended financial plan and through which financial firms to implement, is solely that of the client. LFA Representatives will not base recommendations made in a client's financial plan on the products or services offered through LFA or its affiliates, but instead will base its recommendations on the investment objectives and financial condition of the particular client. Nonetheless, LFA Representatives may have an indirect financial incentive to recommend products or services that are offered by LFA or its affiliates.

Item 12: Brokerage Practices

As described above, LFA's financial planning service is completed upon the delivery of a recommended financial plan to a client. Clients are neither required to implement any of the recommendations made in a financial plan, nor required to transact business through LFA in implementing any portion of the recommended financial plan. LFA Representatives generally make clients aware that brokerage services are offered by LFA or its affiliates, through which a client can implement its recommended financial plan. However the decision as to whether to implement a financial plan and which financial firm to use for implementation, is solely that of the client. If a client chooses to implement any or all of the recommendations made in a financial plan through LFA, LFA will be acting solely as a broker-dealer, not as an investment adviser in implementing such plan (unless otherwise agreed in writing).

For additional information on conflicts of interest created by the recommendation of LFA as a broker-dealer, or the recommendation of certain other broker-dealers for asset management programs, including compensation arrangements between LFA and other broker-dealers, please see the section on "Fees and Compensation" above.

Item 13: Review of Accounts

In the financial planning process, all recommendations are generally reviewed by Director of Planning or their designee. After the first anniversary of the plan, the client may request, or the LFA Representative may recommend, that the contract be renewed to update the financial plan. In this case, the LFA Representative will gather current financial information and provide a written analysis, which will be

reviewed based on the same process. Financial Planning clients do not receive periodic or ongoing reports, but instead receive a completed financial plan at the completion of the financial planning process.

Item 14: Client Referrals and Other Compensation

Solicitor Relationships

Clients are obtained primarily through the efforts of LFA's Representatives. However, LFA also pays referral fees to unaffiliated third parties for client referrals pursuant to a written agreement between the parties. The agreement requires the solicitor to deliver to each solicited client a copy of LFA's Form ADV, Part 2A or other disclosure brochure, as well as a separate disclosure letter that complies with Advisers Act Rule 206(4)-3. The disclosure letter will describe the relationship between LFA and the solicitor, and the compensation that the solicitor is being paid to refer the client to LFA. The solicitor is generally paid a fee equal to a stated percentage of the annual advisory fee that the client pays to LFA. The amount of the solicitor fee may vary based on different factors, such as the types of services performed by the solicitor. The solicitor's fee may increase the fees paid by the client.

Other Compensation

If a client needs certain types of products or services that are not offered by LFA, LFA may refer the client to various third party entities that provide these products or services. LFA may be paid referral fees by these third parties depending on the arrangement between LFA and the third party. Examples of these types of products and/or services may include business valuation, foundation formation, tax strategies, and other services.

Item 15: Custody

LFA does not have custody of client funds or securities in connection with its financial planning services.

LFA Representatives do not generally take possession of client funds or securities. However, under very limited circumstances, certain LFA Representatives provide services that require access to client accounts to perform functions such as bill paying. While LFA and its Representatives do not accept authority to take possession of client assets, this level of account access is considered "custody" under Advisers Act rules.

Item 16: Investment Discretion

LFA does not accept discretionary authority in connection with its financial planning services.

Item 17: Voting Client Securities

LFA does not accept authority to vote client securities or proxies in connection with its financial planning services.

Item 18: Financial Information

LFA does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.



LINCOLN FINANCIAL ADVISORS CORPORATION® PRIVACY PRACTICES NOTICE LINCOLN FINANCIAL SECURITIES CORPORATION® PRIVACY PRACTICES NOTICE

Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation (both a part of Lincoln Financial Network or LFN) are committed to protecting your privacy. To provide the products and services you expect from a financial services leader, we must collect personal information about you. **We do not sell your personal information to third parties.** We share your personal information with third parties as necessary to provide you with the products or services you request and to administer your business with us. This Notice describes our current privacy practices. While your relationship with us continues, we will update and send our Privacy Practices Notice as required by law. Even after that relationship ends, we will continue to protect your personal information. This Notice explains our information sharing arrangement and provides information on how to contact us if you have questions regarding our privacy practices.

INFORMATION WE MAY COLLECT AND USE

We collect personal information about you to help us identify you as our customer or our former customer; to process your requests and transactions; to offer investment or insurance services to you; to pay your claim; or to tell you about our products or services we believe you may want and use. The type of personal information we collect depends on the products or services you request and may include the following:

- **Information from you:** When you submit your application or other forms, you give us information such as your name; address; Social Security number; and your financial; health; and employment history.
- **Information about your transactions:** We keep information about your transactions with us, such as the products you buy from us; the amount you paid for those products; your account balances; and your payment history.
- **Information from outside our family of companies:** If you are purchasing insurance products, we may collect information from consumer reporting agencies such as your credit history; credit scores; and driving and employment records. With your authorization, we may also collect information, such as medical information from other individuals or businesses.
- **Information from your employer:** If your employer purchases group products from us, we may obtain information about you from your employer in order to enroll you in the plan.

HOW WE USE YOUR PERSONAL INFORMATION

We may share your personal information within our companies and with certain service providers as allowed by law. They use this information to process transactions you have requested; provide customer service; and inform you of products or services we offer that you may find useful. Our service providers may or may not be affiliated with us. They include financial service providers (for example, third party administrators; broker-dealers; clearing firms; insurance agents and brokers; registered representatives; reinsurers; and other financial services companies with whom we have joint marketing agreements). Our service providers also include non-financial companies and individuals (for example, consultants; vendors; and companies that perform marketing services on our behalf). Information we obtain from a report prepared by a service provider may be kept by the service provider and shared with other persons; however, we require our service providers to protect your personal information and to use or disclose it only for the work they are performing for us, or as permitted by law.

We reserve the right to change any of our service providers, with or without prior notification to you, depending upon the legal and regulatory requirements that govern the relationship among us, the service provider and you.

Should we decide to change the clearing firm with which we have clearing arrangements for your [account(s) with us], the nonpublic personal information collected by us and the previous clearing firm may be provided to the new clearing firm so that the new clearing firm can continue to service your [account(s) with us]. We will notify you of any change in clearing firm in advance through a letter describing the new clearing firm arrangements and will provide you with an opportunity to respond.

When you apply for one of our products, we may share information about your application with credit bureaus. We also may provide information to group policy owners, regulatory authorities and law enforcement officials and to others when we believe in good faith that the law requires disclosure. In the event of a sale of all or part of our businesses, we may share customer information as part of the sale. **We do not sell or share your information with outside marketers who may want to offer you their own products and services; nor do we share information we receive about you from a consumer reporting agency. You do not need to take any action for this benefit.**

SECURITY OF INFORMATION

We have an important responsibility to keep your information safe. We use safeguards to protect your information from unauthorized disclosure. Our employees are authorized to access your information only when they need it to provide you with products, services, or to maintain your accounts. Employees who have access to your personal information are required to keep it confidential. Employees are trained on the importance of data privacy.

WHEN A REGISTERED REPRESENTATIVE LEAVES LINCOLN FINANCIAL NETWORK

We understand that the relationship you have with your registered representative is important to you. If your registered representative's affiliation with Lincoln Financial Network ends and he or she chooses to move to a different broker-dealer, or if your registered representative's relationship with LFN is terminated, your LFN registered representative may be allowed to take with him or her copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to your account), so your registered representative is able to continue the relationship with you and service your account through his or her new firm. LFN will also retain copies of your client and account documentation. You do not need to take action if it is your choice to allow your LFN registered representative to keep copies of your confidential information should he or she leave our firm.

If you do not want your registered representative to keep copies of your confidential information should he or she decide to end the relationship with Lincoln Financial Network in the future, you have the right to opt out. If your account with us is a joint account, we will treat the opt out request by a joint account owner as applying to all owners on the account. If you choose to opt out now; at any time in the future; or wish to withdraw your opt out request, contact us at 800-248-2285. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.

If you have questions about your personal information we have on file, your request should be directed to:

Lincoln Financial Network
Attn: Privacy Reply
One Granite Place
Concord, NH 03301-3258

Please include all account numbers you have with LFN with your correspondence.

*This information applies to the following Lincoln Financial Network companies:

Lincoln Financial Advisors Corporation
Lincoln Financial Securities Corporation
JPSC Insurance Services, Inc.
LFA, Limited Liability Company