

**Sagemark Consulting**

**A division of**

**Lincoln Financial Advisors Corporation**

**Financial Planning Disclosure Brochure**

March 30, 2012

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**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 or by any state securities authority. Registration as an investment advisor 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](http://www.adviserinfo.sec.gov).**

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

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## **Summary of Material Changes (Form ADV, Part 2A – Item 2)**

The United States Securities and Exchange Commission (“SEC”), the regulator with whom Lincoln Financial Advisors is registered, requires that a disclosure brochure called the Form ADV, Part 2A be provided to clients and filed with the SEC. Changes that were incorporated into that brochure and included for the 3/30/12 filing with the SEC are:

1. The section of the document that describes solicitor programs was consolidated and now refers clients to the ADV 2A disclosure brochures of the main programs for which LFA acts as a solicitor.
2. The section regarding retirement plan services was updated to reflect the addition of certain services currently being offered on a limited basis.
3. The description of LFA’s Premier Manager asset management program was updated to include portfolio strategists, which also involved new fee disclosures.
4. The technology service provider for LFA’s Premier series of asset management programs changed from FundQuest to Envestnet Portfolio Solutions, reflecting Envestnet’s acquisition of FundQuest.

If you would like a copy of Form ADV, Part 2A, or any other Lincoln Financial Advisors Corporation brochure, please download it from the SEC web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or you may contact Lincoln Financial Advisors Corporation at (800) 237-3813 or [lfaria@lfg.com](mailto:lfaria@lfg.com).

## **Table of Contents**

Cover Page .....	1
Summary of Material Changes .....	2
Services, Fees, and Compensation .....	6
Performance-Based Fees and Side-By-Side Management .....	8
Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Disciplinary Information.....	8
Other Financial Industry Activities and Affiliations .....	9
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	10
Brokerage Practices .....	10
Review of Accounts .....	10
Client Referrals and Other Compensation .....	10
Custody .....	11
Investment Discretion .....	11
Voting Client Securities .....	11
Financial Information.....	11
Privacy Policy .....	12

## **ADVISORY BUSINESS**

Lincoln Financial Advisors Corporation (“LFA”) is an investment advisor 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 advisor 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.

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 advisor 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. LFA is committed to helping clients focus on their goals and assisting clients in planning for their futures. LFA uses sophisticated support systems to help clients determine the right financial strategy to suit their individual needs. In addition, LFA provides clients with the investment solutions necessary to implement their financial plans.

As of 12/31/11, LFA managed \$7,655,460,009 of client assets on a non-discretionary basis. LFA did not manage any assets on a discretionary basis as of 12/31/11, but may do so if written authorization is provided by a client.

Below is a detailed description of LFA’s financial planning process and investment advisory services, including fees and compensation:

### **Financial Planning Services**

#### **Overview:**

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.

In all matters, LFA’s planning services are analytical and advisory only, and do not include any tax, legal, accounting or other professional services.

#### **The Process:**

You will meet with an LFA Representative. Your LFA Representative will gather all 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 the related documents, supplied by you, are reviewed, your financial data is analyzed and observations are made based upon your current financial circumstances. Problems are identified and specific financial planning strategies are recommended and presented to you in a written report for your consideration.

One or more of the following areas will be addressed in your financial plan:

#### **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 may contract 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

##### Overview:

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.

##### Process:

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 may provide 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.

#### Planning Fees and Compensation:

##### Overview:

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.

##### 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. Fees are negotiable at the discretion of LFA and the LFA Representative.

### 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 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 part or all of the fee which the client has paid. The client must make the request in writing within ten days of delivery of the plan.

### Implementation:

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.

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 potential 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 advisor, also offers asset management and wrap-fee investment programs.

If any of the Lincoln Companies or an unaffiliated company acts as an issuer, underwriter, distributor or advisor 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.

## **Investment Advisory Services**

### Overview:

LFA provides investment advisory services through its core asset management programs. Other asset management services may be provided on a limited basis. In certain programs, including LincSolutions, Premier Plus, and SEI, LFA acts as an investment advisor and provides continuous and ongoing advisory services, primarily on a non-discretionary basis. In LFA's other core programs, as well as in asset management programs offered through limited arrangements as described below, LFA generally acts as a solicitor in recommending other investment advisors or money managers to clients. When acting as a solicitor, LFA does not act in a fiduciary capacity for the client. For additional information on each program and the role of LFA and its Representatives, please see the disclosure brochure and/or Form ADV, Part 2 for the applicable asset management program or investment advisor.

The disclosure brochures describing all of LFA's investment advisory services, and all of LFA's wrap fee disclosure brochures can be found at the SEC's public disclosure website, [www.adviserinfo.sec.gov](http://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](mailto:lfaria@lfg.com).

## **FEES AND COMPENSATION**

Fee schedules and other compensation are included in the description of each advisory program and service above. In certain circumstances, all fees and account minimums may be negotiable.

In programs that use portfolio managers, a portion of the total fee up to 0.85% of assets under management may be paid to the portfolio manager for their services. The amount may vary by program and by manager.

A client agreement to which LFA is a party may generally be terminated at any time, by either party, for any reason on 30 days written notice. Any prepaid, unearned fees will be refunded, and any unpaid fees will be due.

Fees charged may vary by office and by LFA Representative. Certain LFA Representatives may provide comparable services for fees that are different from those charged by other LFA Representatives.

All fees paid to LFA for investment advisory services are separate from the fees and expenses charged by mutual funds to their shareholders. These mutual fund fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client can invest in a mutual fund directly without the services of LFA. In that case, the client would not receive the services provided by LFA, such as assisting the client in determining which investments are most appropriate to their financial condition and objectives. The client should review the fees charged by both the funds and LFA to fully understand the total amount being paid and evaluate the services being provided.

LFA Representatives may 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 fee revenue in 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 The Lincoln National Life Insurance Company ("LNL"). In most cases, the LFA Representative may recommend products that are managed and/or sold by Lincoln companies. The LFA Representative may receive additional compensation on these products, provided that these products are suitable for the client's objectives. Additionally, Lincoln companies will profit from any sales of their products to clients of LFA. 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.

LFA, LNL and their affiliated companies have suitability requirements, 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.

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.

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 advisory fees to offset any applicable commissions or markups.

LFA may receive revenue from various mutual fund companies, broker-dealers, investment advisors and/or their affiliates in connection with its investment advisory programs and services. The amounts LFA receives may vary depending on the particular investment. LFA Representatives may act as agents of the companies whose products they sell, and may provide services to you on their behalf. LFA Representatives may be compensated by LFA and/or the product manufacturer via commissions, asset-based fees, and/or other compensation which may be built into the costs and charges of the product.

In some cases, LFA Representatives receive more compensation when placing Lincoln Financial Group manufactured products, and may 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. They may also receive compensation based on the sales of Lincoln products by other Representatives. LFA Representatives may also 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 may also benefit financially from the sale of Lincoln life insurance, annuity, mutual fund and asset management products offered by LFA Representatives.

Some experienced new planners moving their practices to LFA have been offered 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. The repayment of these loans may be fully or partly waived based on reaching certain sales levels, or may be funded by additional compensation for these sales.

Because of the way products are priced and marketed, LFA Representatives may also receive higher compensation for the sales of products offered by companies not affiliated with Lincoln Financial Group.



Depending on which product and/or service you purchase, you may also receive additional materials which disclose important information, such as product prospectuses, applications, and disclosure brochures.

LFA has agreements with certain 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 may include 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, or a payment of a percentage of assets under management. 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%. 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, its Representatives, and clients may 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 various mutual fund, annuity, life insurance and alternative investment products. This revenue and marketing support does not affect the compensation to any LFA Representative or manager. For current information regarding specific revenue and marketing support, including a list of product sponsors, please go to: [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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

#### **TYPES OF CLIENTS**

LFA generally may provide 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. Requirements for opening and maintaining an account, such as minimum account size, are listed above in the description for each advisory program or service, if applicable.

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

LFA provides financial consulting 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.

LFA Representatives perform analysis for asset management programs, which are provided to clients. This analysis relies on research reports and information provided by third parties who are contracted to provide such information.

In the financial planning process, LFA's Representatives will assist clients, through the use of approved questionnaires and software, in identifying their financial objectives. 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. For all asset management programs used by LFA, the specific security analysis methods, sources of information and investment strategies depend upon and are determined by the applicable third party asset management vendors or process selected by the client.

Investing in securities involves risk of loss that clients should be prepared to bear.

#### **DISCIPLINARY INFORMATION**

Below is a description of legal or disciplinary events that may be material to a client or prospective client's evaluation of LFA and its advisory business:

- 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.
- On October 9, 2006, LFA entered into a Consent Agreement with the North Dakota Securities Department and paid a civil penalty of \$4,000. In March 2001, LFA, through one of its agents, conducted four securities transactions in the state when the agent was not registered in the state. North Dakota took the position that LFA was in violation of N.D.C.C., Section 10-04-10(2).



- On September 30, 2003, the Nevada Securities Division issued a Letter of Acceptance, Waiver and Consent (“AWC”) to LFA for failure to comply with NRS 90.360.2, 90.392.1 and 90.310. A Registered Representative of LFA began conducting business from her residence in Nevada on or about April, 1996; however, LFA did not register the address as a branch in Nevada until March 13, 2003. LFA signed the AWC on October 17, 2003, agreeing to properly license all branch offices in Nevada and to properly withdraw the registrations when branches closed. LFA paid a civil penalty in the amount of \$5,000 on October 20, 2003.
- On February 16, 2011 the Financial Industry Regulatory Authority (“FINRA”) notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the “Letter”) signed and submitted to FINRA by LFA on December 21, 2010. The Letter 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 August 16, 2005 the National Association of Securities Dealers (“NASD”) notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the “Letter”) signed and submitted to the NASD by LFA on August 5, 2005. The Letter noted the following regarding NASD Rules 2110 and 2830(K): LFA, in connection with an agreement between mutual fund complexes and LFA’s clearing firms, received from one or both of its clearing firms, directed brokerage commission payments that involved the use of trading commissions to generate payments for participation in LFA’s preferred partner program. LFA was censured and fined \$950,000. The Fine was paid in full on August 29, 2005.
- On July 1, 2005 the NASD notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the “Letter”) signed and submitted to the NASD by LFA on 5/23/2005. The Letter noted the following: (1) from approximately 7/21/2001 until 8/31/2003 LFA received notice of 12 events that were subject to reporting requirements and failed to report to the NASD within 10 business days after it knew of the events in violation of NASD Rules 2110 and 3070(B); (2) from approximately 7/21/2001 until 8/31/2003, LFA received 345 written customer grievances and failed to report 206 to the NASD by the 15<sup>th</sup> day of the month following the calendar quarter in which the complaints were received in violation of NASD Rules 2110 and 3070(C); and (3) LFA failed to prepare and maintain adequate written supervisory procedures to ensure compliance with NASD Rule 3070(C) in violation of NASD Rules 2110 and 3010.

LFA implemented procedures to file all requisite disclosures under NASD Rules 2110 and 3070 and has prepared adequate written supervisory procedures in compliance with Rule 3070(C). LFA executed the Letter on 5/23/05 and agreed to pay any monetary sanctions imposed upon notice from the NASD Finance Department. On July 15, 2005 LFA paid the NASD \$75,000 for full payment of the fine issued in connection with the Letter.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

LFA is a registered broker-dealer, and its investment advisor 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.

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 paid by these third parties. Examples of these types of products and/or services may include business valuation, foundation formation, tax strategies, and other services.

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 advisor, and insurance agency)
- Lincoln Financial Investment Services Corporation (broker-dealer)
- Lincoln Investment Advisors Corporation (investment advisor)
- 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 may be 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.”

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

LFA has adopted an Investment Advisor 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 Advisor 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. These securities may be 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.

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 could create a conflict of interest in that LFA Representatives may have an incentive to put their own interests ahead of clients. Personal securities transactions by LFA Representatives are recorded and monitored by LFA.

### **BROKERAGE PRACTICES**

LFA Representatives generally recommend LFA as broker-dealer for investment products. However, the client is under no obligation to purchase products from LFA or the LFA Representative, as described in the advisory contract. The client pays the same fee for advisory services whether or not products are purchased from the LFA Representative. The client also pays the same price and commissions for products whether or not LFA provided a financial plan to the client.

LFA’s advisory business does not generally include blocking trades, negotiating commissions, or obtaining volume discounts. Lower commissions or better execution may be achieved elsewhere. Different commissions may be charged to different clients.

In certain circumstances, Representatives may recommend brokers other than LFA. In most cases, the other broker would be recommended because of the role they play in an asset management program. Not all advisors require clients to direct brokerage. By directing brokerage, LFA may not be able to achieve most favorable execution of client transactions, and this practice may cost clients more money.

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.

### **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 receive a completed financial plan.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

For a description of the economic benefits received by LFA and its Representatives from entities who are not clients, as well as conflicts of interest created by those benefits and how they are addressed, please see the section on “Fees and Compensation” above.

#### **Solicitor Relationships:**

##### **Overview:**

LFA may pay referral fees to solicitors based on a written agreement if allowed by SEC and state regulations. A document describing the relationship will be provided to the client at or before the client signs an advisory contract. 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 does not increase the fees paid by the client. Clients are obtained primarily through the efforts of LFA’s Representatives.

#### **Solicitor Relationship Process:**

The solicitor will give the client a copy of LFA's Form ADV Part 2A and Part 2B, or Disclosure Brochure, and a separate Disclosure Letter. 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. In order for the solicitor to receive the referral fees, the client must confirm in writing that they have received a copy of LFA's Disclosure Brochure and the Disclosure Letter.

#### **Solicitor Fees:**

LFA will pay the solicitor a referral fee which will come from the advisory fee charged to the client. The advisory fee will not be increased due to the solicitor's relationship with LFA.

#### **CUSTODY**

LFA does not generally provide custodial services for client assets. However, in certain cases where clients have authorized LFA to deduct advisory fees from their brokerage accounts, LFA may be considered to have access to cash in those accounts.

Clients will receive account statements from the broker-dealer or other qualified custodian that holds their accounts, and clients should carefully review these statements. It is important to compare the information on these statements with reports you receive from LFA. Please note that there may be minor variations due to calculation methods. If you have any questions, please contact your LFA Representative.

LFA and its Representatives do not generally take possession of client funds or securities. However, under very limited circumstances, certain LFA Representatives may 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 may be considered "custody" under SEC rules. These accounts are held with qualified custodians.

#### **INVESTMENT DISCRETION**

LFA generally provides investment management services on a non-discretionary basis, meaning that LFA obtains client authorization before entering any buy or sell orders in client accounts, aside from the ability to approve or reject quarterly reallocations in the SEI Mutual Fund Program. LFA will provide investment management services on a discretionary basis, where client consent is not needed prior to entering buy and sell orders in an account, only when written authorization providing discretionary authority is granted by such client. In any event, discretionary authority is limited to trading, and will not extend to money movement, including the withdrawal of funds from the client's account.

#### **VOTING CLIENT SECURITIES**

LFA does not accept authority to vote client securities or proxies. Clients will receive their proxies or other solicitations directly from their custodian, unless the client has provided proxy voting authority to a third party such as an investment manager. If you have any questions regarding a particular solicitation, please contact your LFA Representative.

#### **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<sup>®</sup> PRIVACY PRACTICES NOTICE LINCOLN FINANCIAL SECURITIES CORPORATION<sup>®</sup> 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; 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.

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.**

Lincoln Financial Network is the marketing name for Lincoln Financial Advisors and  
Lincoln Financial Securities, both members of FINRA and SIPC.

## 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 REGISTERED REPRESENTATIVES LEAVE 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 by phone 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 maintain 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