



Lincoln Investment Planning, LLC  
Planning Services Brochure

**As of January 2, 2020**

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You may also visit us on the web at <http://www.lincolninvestment.com>.

This Brochure provides information about the qualifications and business practices of Lincoln Investment Planning, LLC, a registered investment adviser with the U.S. Securities and Exchange Commission (SEC). If you have any questions about the contents of this brochure, please contact us at (800) 242-1421. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Furthermore, registration with the SEC does not imply a certain level of skill or training.

Additional information about Lincoln Investment Planning, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

*This section provides us the opportunity to highlight for you the material changes in our investment advisory services and operations since our last Form ADV 2A annual amendment in March 2019. This information is being provided so that you can continue to make informed decisions about your investments with Lincoln Investment Planning, LLC.*

This Brochure is intended for clients who are engaging our Financial Advisors in one or more Financial Planning Services, for a fee. All other fee-based services, such as asset based investment advice or asset management services should receive a copy of Lincoln Investment's Investment Advisory Disclosure Brochure and Wrap Fee Brochure.

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#### Item 4: Advisory Business

*This section describes our firm, the advisory services we offer, how we tailor your portfolio to your individual needs, which of our advisory services allows you to impose investment restrictions, and the total amount of assets we manage.*

#### **Our Firm**

**Who we are...** Based in the suburbs of Philadelphia, Lincoln Investment Planning, LLC (“Lincoln” or “Lincoln Investment”) was established in 1968 with a focus on the retirement planning needs of educators and employees of non-profit organizations utilizing 403(b) and 457 retirement plans. Lincoln Investment was registered with the SEC as an investment adviser in 1978. Over the years, we have expanded our range of investment advisory services to include individual retirement accounts (IRAs), ERISA plans, and the non-retirement investment and insurance needs of our clients and their businesses.

Lincoln Investment is both a broker-dealer and a SEC registered investment adviser with a network of registered representatives and investment adviser representatives (Advisors) located throughout the United States. Most Advisors are not employees of Lincoln; but independent contractors, contracted to offer and perform the services of Lincoln Investment.

Lincoln Investment is wholly-owned by Lincoln Investment Capital Holdings, LLC, and a Delaware limited liability company. Lincoln Investment is under common ownership and control with Capital Analysts, LLC, a SEC registered investment adviser. Advisors may be dually registered with one or more of these investment advisers and can offer their services. Advisory offerings and pricing vary among the registered investment advisers. We refer to these companies jointly as The Lincoln Investment Companies.

#### **Our Advisory Services**

**What we offer...** Lincoln Investment offers the following investment advisory services. A more detailed description of the Financial Planning service is provided under the corresponding heading below, as well as in Item 5: *Fees and Compensation*. For a more detailed description of the other investment advisory services shown below, please reference Lincoln Investment’s Investment Advisory Disclosure Brochure and Wrap Fee Brochure.

- I. Your Financial Advisor’s Services: Advisor Consulting, Client Custom Portfolios and Advisor Managed Model Portfolios**
- II. Lincoln Investment Asset Management Programs: Model Portfolios Managed by Lincoln Investment**
- III. Third Party Managed Model and Third Party Custom Portfolios**
- IV. Periodic Investment Consulting**
- V. Financial Planning**
- VI. ERISA Retirement Plan Advice**

In choosing one or more of the services above, your Advisor will work with you to assess your needs and investment objectives. You may be asked to complete a Lincoln Investment confidential investor profile, or a similar questionnaire or application, providing personal and financial information to assist in this assessment. Our goal is to provide you with the most appropriate investment advisory service or planning services to help you meet your financial goals.

**This Brochure is intended for clients who are engaging our Financial Advisor (Advisor) in one or more financial planning services for a fee. All other fee-based services, such as asset based investment advice or asset management services should receive a copy of Lincoln Investment's Investment Advisory Disclosure Brochure and Wrap Fee Brochure.**

## **Financial Planning**

Advisors may offer comprehensive or limited financial planning services for a fee. Financial planning services may include, but are not limited to, retirement, college, tax, business succession planning or insurance needs analysis, and assistance with estate distribution matters. Financial Planning services are generally provided to you by your Advisor on a flat fee or hourly fee basis. You will enter into a separate written Lincoln Investment Planning Services Agreement before any financial services begin. The agreement will describe the services and fees you and your Advisor have agreed upon. Many Advisors have earned professional designations that enhance their qualifications to offer these planning services, but Lincoln Investment does not require the Advisor to maintain a professional designation in order to offer financial planning services. Ask your Advisor about his or her professional designations, or see their Form ADV 2B Supplement which provides their career biographical information and the professional designations earned.

### **INFORMATION REGARDING CFP® CERTIFICANTS.**

If your Advisor is a CFP® certificant, he or she acknowledges his or her responsibility to adhere to the standards established in CFP Board's Standards of Professional Conduct, including the duty of care of a fiduciary, as defined by CFP Board. If you become aware that his or her conduct may violate the Standards, you may contact the CFP Board at [www.CFP.net/complaint](http://www.CFP.net/complaint). The Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and federally registered CFP (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

The following Planning Services may be performed for a fee by your Advisor:

#### **Services for Individuals:**

- **Cash Flow and Balance Sheet Planning-** During this process the Advisor will gather information from the client to aid in preparing and analyzing the client's current financial state. This process will include the preparation and analysis of the client's personal balance sheet and cash flow statement. The client's personal balance sheet is a statement of financial position which shows the client's assets, liabilities, and net worth as of a given date. The client's statement of cash flow shows the client's income and expenses for a given time period. Both personal financial statements are essential to the planning process as it would be difficult to help an individual achieve their financial goals and objectives without them.
- **Estate Planning-** During the estate planning process, the Advisor provides advice to enable the client to make informed decisions with respect to property ownership and distribution of assets, in light of current federal and state estate tax rules. Based upon the client's current situation and their future goals, the Advisor will review the client's current estate plan, work with the client's estate planning attorney, and suggest alternative strategies when appropriate. The estate planning process involves a discussion of gifting, trusts, wills, 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 the client's current financial situation, expected retirement date and income needed at retirement. The

Advisor will present planning strategies and techniques that can be used to assist the client 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 planning process, the Advisor will evaluate the client's existing investments to provide an overview analysis of current holdings. This process includes an analysis of the client's current asset allocation, investment income and/or growth, tax consequences and tax implications, when applicable. Once the client's current holdings have been reviewed, the Advisor may recommend strategies and investment accumulation/distribution techniques. The strategies and techniques recommended are designed to assist the client with the selection of the appropriate asset allocation strategy necessary to meet their investment objectives and may provide the client with investment categories considered by the Advisor to be in the best interest of the client. The strategies and techniques outlined in the investment plan are designed to assist the client with the achievement of stated investment goals at the most appropriate risk level for the client. In certain situations the Advisor will include a written Investment Policy Statement as part of the Investment Plan, which states the client's needs and goals and encompasses a policy under which these goals are to be achieved. Implementation of the recommendations is at the discretion of the client.

- **Insurance Planning and Risk Management-** During the insurance planning and risk management process, the Advisor will help analyze and assess the client's exposure to major risks that could have a significant adverse impact on the client's financial picture, such as premature death, disability, or the need for long-term care. Advice is provided on the costs and benefits of available financial products that exist to reduce such risks. Current insurance coverage will be reviewed and analyzed.

- **Tax Planning-** During the tax planning process, the Advisor will work with the client and their tax and/or legal professionals, as Lincoln Investment does not offer tax or legal advice, on such topics as timing of gifts, property transfers, receipt of social security income, and minimum distribution requirements from retirement accounts to minimize tax obligations.

- **Employee Benefit Plan Review-** During the employee benefit plan review process the Advisor will review and analyze the benefits provided to the client from their employer. Employee benefits such as retirement plans and insurance will be reviewed to see how they fit into the client's overall financial situation.

#### **Business Owner:**

- **Business Succession Planning-** The business succession planning process includes an analysis of the current state of the business and the client's goals, as a business owner, for the future of the client's business. Once the current state of the client's business and their goals for the future of the business have been determined, alternatives and strategies addressing the continuity or disposition of the client's business upon their retirement, death, disability, or decision to sell are provided. 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 in the business. This planning may also include the business owner. Objectives of the business owner and the financial and legal structure of the business will be reviewed and taken into consideration in the analysis and recommendations. Tax consequences and tax implications are identified and evaluated. In all matters, planning services are analytical and advisory only, and do

not include any legal, accounting or other professional services.

- **Nonqualified Deferred Compensation Planning-** Services are offered to clients with regard to nonqualified benefits planning for employees. Such plans will reflect their current situation and an analysis of alternative ways to accomplish their compensation objectives. With respect to a nonqualified deferred compensation program, the analysis contains alternative methods to informally "fund" the program, including an overview of the accounting treatment of such alternative methods within the program and a recommendation as to the appropriate method of "funding" for that employee.

In addition, an Advisor may perform certain administrative services on behalf of clients for a nominal fee.

Lincoln Investment does not provide tax or legal advice. Please consult with your personal attorney and tax accountant.

### **Item 5: Fees and Compensation**

*This section provides to you a description of our advisory fees, how and when these advisory fees are collected, and if refunds are available. Other types of fees and expenses that you may incur are described below in the section titled, "Other Costs That You May Incur." Other compensation that Lincoln Investment and/or your Advisor may receive, which may create a financial conflict of interest, is described in the section titled "Other Compensation to Lincoln Investment and Our Conflicts of Interest."*

For the Planning Services offered by Lincoln Investment's Advisors, the specific manner in which you compensate your Advisor is described in your Planning Services Agreement.

Fees may be quoted as either hourly or a flat fee for services to be rendered. Fees are negotiable and can vary based on the type and level of service provided. Advisors will take the following factors into consideration when determining the fee to be assessed to you:

1. The amount of time the Advisor expects to spend completing the particular services and providing related advice.
2. The complexity of your financial planning issues and needs.
3. The extensiveness and complexity of the data to be collected in order to perform the services.
4. Your net worth or value of investment accounts and/or other assets that are the subject of the Planning Services.
5. Special circumstances related to a life change, marital status, health or special income needs, or growth or decline of a personal business.

Ask your Advisor for their fees for Planning Services. Each office, and in some instances each Advisor of Lincoln Investment, has his/her own fee schedule; therefore, the cost of similar services by another Advisor may be higher or lower than the fee schedule quoted by your Advisor. Fees may also vary among clients due to the complexity of the planning or the depth of the services provided. Thus, a client's quoted fee may be higher or lower than the fee quoted to another client.

**Additional Information Regarding Paying for Services.** Your Advisor decides how he/she will be compensated for the Planning Services. It can be collected in full or in part in advance of services rendered, or after services are rendered. The fee and payment schedule will be set forth in the Planning Services Agreement.

If you pay \$1,200 or more six months or more in advance of services being rendered you are entitled to a copy of Lincoln Investment's most recent Audited Financial Statement. Attached to this Planning

Services Brochure is a copy of the most recent issued audited financial statement.

**Other Compensation to Lincoln Investment and Our Conflicts of Interest.** If a client chooses to implement any planning recommendations through Lincoln Investment and/or its Advisor, the Advisor may act as agent of Lincoln Investment and/or as agent for any insurance company with whom the Advisor may have an affiliation, and may receive compensation in the form of commissions or asset based fees in addition to the fee for planning services. Security recommendations may be limited to products offered by the broker dealer. Although a client always has the ability to purchase security products through other broker dealers, the fee schedule for services described herein may have been structured with the understanding that clients will implement financial product recommendations through the Advisor. You are under no obligation to implement, in whole or in part, any recommendation, advice, or suggestion made by Advisor. You may make any such recommendation, advice, or suggestion available to any other professional retained by you to assist in the implementation of the Services.

Lincoln Investment and its Advisors recognize their fiduciary responsibility to place your interests above ours and that other compensation received by us, or an affiliate, from other sources presents a conflict of interest and could be looked upon by you as an incentive for us to recommend investment products or advisory services based on compensation rather than on your financial needs. If you choose to implement your Advisor's recommendations through Lincoln Investment and/or Capital Analysts, then, prior to making the decision to implement, you should read Lincoln Investment's and/or Capital Analysts' Investment Advisory Disclosure Brochure and Wrap Fee Brochure for a description of potential conflicts of interest that we have identified in the conduct of our business that we believe may be material to any recommendations when implemented through us. These conflicts include share class decisions that could impact the commissions paid and the expenses incurred, as well as shareholder servicing, networking, interest on margin debit balances, money market balances and FDIC Cash Deposit assets, 12b-1 and servicing fees and any other source of revenue sharing from product sponsors and clearing firms that may be shared with the firm. With many of these conflicts, Lincoln and Capital Analysts have taken steps to mitigate or reduce the conflict.

**Other Sales Support.** From time to time, product sponsors and third money managers may assist Advisors in their sales and marketing efforts by subsidizing certain Advisor costs, such as client meetings or workshops, mailings, administrative expenses and technology support. The amount of support is approved by Lincoln Investment and is monitored to ensure that it is not too frequent or excessive. Also, Advisors are invited from time-to-time by product sponsors to due diligence and educational meetings or seminars hosted by the product sponsor or money manager. Lincoln Investment must grant permission to our Advisors to attend any meeting or seminar hosted by a product or advisory service sponsor. Lincoln Investment approves events that are limited to education or due diligence only and allows the product sponsor to provide meals, hotel accommodations and reimbursement to the Advisor, through Lincoln, for travel expenses only. These events represent a nominal portion of revenue that may be received from product sponsors. The education of our Advisors in the offerings that are available to them is a key component of providing prudent investment advice to you. This could be deemed a conflict of interest that will incentivize the advisor to offer one product or money manager over another. This support is not based on client assets or transaction sales.

**Flat Fee Sponsors.** Lincoln Investment has partnered with a select group of third party money managers and product sponsors who pay to assist Lincoln Investment in the training and education of Lincoln Investment's Advisors, at Lincoln sponsored events, on such topics as advisory products and services, practice management, tools and technology, consumer education, and policies, rules and regulations. These sponsors provide financial support to Lincoln Investment in the form of a flat-dollar amount that may be amended annually and is not based on the sales of their proprietary products or services. Sponsors can compensate us from fund assets, the fund's investment manager, distributor or other affiliate's assets. Payments made to broker-dealers out of fund assets can lower investor returns and performance over time.

Advisors do not share in any portion of these payments so as to mitigate any conflict for an Advisor to recommend one product or money manager over another. This financial support allows Lincoln Investment to defray or offset costs associated with Lincoln sponsored events and other educational and outreach tools and services. The financial support by these Sponsors to Lincoln Investment presents a conflict of interest.

All Flat Fee Sponsors do not pay Lincoln Investment the same amount, and depending on the amount of the payment from the Flat Fee Sponsor, the access to Lincoln Investment sponsored events may differ. For example, Lincoln Investment holds a number of sales conferences both nationally and regionally throughout the year to educate advisors. The higher the annual flat fee payment, the more events the Flat Fee Sponsor will be invited to attend. Flat Fee Sponsors have more opportunities than other product sponsors and money managers that are not Flat Fee Sponsors to market to and educate Advisors which could pose a conflict to Advisors to offer these sponsors products or services over others. Advisors do not share in any portion of these payments so as to mitigate any such conflict.

In 2019, the financial support from Flat Fee Sponsors paid to Lincoln Investment, as allocated by assets across all investment advisory assets with Lincoln Investment Planning, LLC and its affiliated investment adviser, Capital Analysts, LLC, did not exceed 1.5% of total revenue for either of the affiliated registered investment advisers and in aggregate was less than one percent of the combined revenue for both affiliated registered investment advisers. We do not believe that these revenues are material. In 2019, Flat Fee Sponsors who compensated Lincoln Investment with a flat fee payment, which is not based on assets, sales or accounts, and offer a fund or advisory program that could be used in your advisory programs, in order from highest to lowest payment were Russell Investments, Meeder Funds, ICON Funds, CLS Investments, JPMorgan Funds, American Funds, Franklin Templeton Group, Clark Capital Management, Lord Abbett, StoneCastle (administers The Federally Insured Cash Deposit Program), Security Benefit Life, Prudential, DoubleLine Funds, Federated Investors Funds, Putnam Investments, and Invesco Investment Services. All offerings by these Flat Fee Sponsors are available on Lincoln Investment's SOLUTIONS and SOLUTIONS Premier platforms.

**Asset and Sales Based Sponsors.** In connection with non-investment advisory (non fee-based) assets of our investors, and in addition to the compensation described above, if you choose to place your assets with us, Lincoln Investment receives Sales and Marketing support from product sponsors, mutual fund companies, insurance companies and other third party providers to assist in the marketing and sales efforts of employees and Advisors ("Asset and Sales Based Sponsors"). The support provided by these sponsors is based on brokerage-only (non-investment advisory) assets and brokerage transactions and not based on your advisory account assets or ERISA assets. We receive compensation from these sponsors in various forms, including as a flat fee, a percentage of the amount of brokerage assets held by investors, a percentage of sales, or any combination of these methods. The amounts of these payments can vary by the type of product and by provider and can include, but are not limited to, distribution fees and shareholder service fees. In some cases, Asset and Sales Based Sponsors pay additional marketing payments to Lincoln Investment to cover fees to attend conferences. Additionally, some Asset and Sales Based Sponsors make a monthly or quarterly payment or additional monthly or quarterly payment based on the assets you hold in a fund or variable insurance product over a period of time. As you may have both a brokerage account and an advisory account with us, we want you to understand that Lincoln Investment will receive Sales and Marketing Support based on assets or sales in connection with your brokerage account assets and transactions. As Lincoln Investment may be financially incentivized to recommend Asset and Sales Based Sponsors that provide sales and marketing support over others that do not, this is a potential conflict of interest for Lincoln Investment.

The following is a list of Asset and Sales Based Sponsors in order of high to low total compensation paid to Lincoln Investment as broker-dealer based on non-fee based account assets or sales. The Asset and Sales based Compensation in 2019 was less than \$2.5 million dollars from these product sponsors and represented less than 0.01 percent of the total revenues of Lincoln Investment and could be deemed



material to you. Some of this revenue could be used by Lincoln Investment to support the ongoing operational expenses of Lincoln Investment and not used solely for sales and marketing support. We are disclosing this information to you as the providers and products offered by the providers shown below may also be available within our investment advisory offerings.

|                                      |
|--------------------------------------|
| Security Benefit Life                |
| Invesco Investment Services          |
| Franklin Templeton Group             |
| Jackson National Life Ins Co         |
| Lincoln National Life                |
| Brighthouse Financial                |
| Prudential Annuities Life            |
| AXA Equitable Life Insurance Company |
| Voya Mutual Funds                    |
| Mewbourne Development Corporation    |
| Inland Group                         |
| Bluerock                             |
| Columbus Life Insurance Company      |
| Federated Investors Funds            |
| Great American Life Ins Co           |

Pershing LLC, as clearing firm for accounts introduced by Lincoln, shares with the firm a nominal amount of asset based revenue it receives from certain mutual fund companies in non-advisory accounts. As the revenue received from Pershing is non-advisory related and not material, Lincoln Investment is disclosing the conflict that we receive this revenue rather than list each mutual fund product that generated the compensation to the firm.

**Lincoln's Other Businesses.** Lincoln Investment's principal business is as an investment adviser. The majority of Lincoln Investment's revenue comes from the advisory fees we collect. As a broker-dealer, Lincoln Investment also receives compensation from its brokerage business. This compensation comes from securities and insurance product commissions and mutual fund concessions, 12b-1 distribution fees associated with the sale of mutual funds, shareholder service fees, reallowances, trailing commissions from annuity sales, and persistency bonuses on insurance and other sources. Lincoln Investment, acting as both a broker-dealer and registered investment adviser, could be deemed a conflict of interest. This places an additional responsibility on Lincoln Investment to supervise whether a recommendation to open either an advisory account or a commissionable account, or both, is appropriate. You always have the option to purchase advisory services, securities products or insurance through non-affiliated investment advisers, brokers or agents. Lincoln Investment also is affiliated with Capital Analysts, LLC, an SEC registered investment adviser, and promotes the services of this investment adviser.

**Your Advisor's Other Businesses.** Your Advisor may have more than one relationship with you – one as an Advisor offering planning services for a fee, one as an Advisor over an advisory account, and/or one as a Registered Representative/Agent over a non-advisory account where he or she may receive a sales commission for the sale of securities or insurance products which would be in addition to any advisory fees earned on your advisory assets. In these situations, our Advisor may have greater financial incentives to offer you both investment and/or insurance sales as well as advisory services.

Your Advisor may also be associated with Lincoln's affiliated investment adviser, Capital Analysts, LLC. These affiliated relationships present a conflict of interest. Through his or her affiliation with Lincoln Investment and possibly with Capital Analysts, your Advisor may be in a position where he or she can

offer the same or similar advisory services to you for different fees and compensation structures. If an identical Sub-Adviser or strategy is available through two affiliated registered investment advisers, you may pay higher fees for an advisory service that is similarly offered through another affiliated investment adviser. You always have the option to purchase advisory services, securities products or insurance through non-affiliated investment advisers, brokers or agents.

Lincoln Investment pays out to each Advisor a contracted percentage of the Advisor's fee. This percentage varies by Advisor based on such variables as Advisor experience, type of contract the Advisor has with the firm, amount of investor assets with the firm, and the amount of investor assets invested in the Asset Management Programs managed by the IM&R Team. This creates a conflict of interest for Advisors to recommend Lincoln Investment's offerings over other third party advisory offerings. Most of Lincoln's Advisors are independent contractors who may also offer other non-security financial services and products, such as life, health, disability, long term care and fixed annuity insurance products, and real estate. These services may be offered independent of The Lincoln Investment Companies.

**Sales Incentives.** Lincoln Investment offers sales contests that provide additional incentives to your Advisor to offer advisory services managed by the IM&R Team over third party advisory services. Lincoln Investment offers sales contests based on such criteria as gross compensation to the Advisor, new accounts, and net sales of advisory programs. These contests can provide your Advisor with a conflict of interest and an incentive to offer you fee-based advisory services over commission-based brokerage services and advisory services managed by the IM&R Team over third party advisory services. Top achievers in these contests may receive Lincoln-sponsored trips, cash prizes, bonus commissions, club points, monetary donations in their name to a charity of their choice or other nominal prizes. No contest is offered which will award the Advisor based upon a specific investment product or on a specific product sponsor. In our capacity as an investment adviser, Lincoln Investment and its Advisor recognize they have a fiduciary duty to investment advisory clients. Although Lincoln Investment does not offer specific product sales incentives for securities products, issuers of non-securities insurance products, such as fixed annuity issuers, may offer sales incentives to Advisors in the form of cash bonuses and trips if certain sales thresholds are met. You should ask your Advisor about these incentives at the time of sale.

**Endorsements.** From time-to-time, Lincoln Investment makes lump-sum payments to education-based associations and not-for-profit organizations with a large constituency of employees who are eligible to invest in 403(b) retirement plans (Associations). In some cases, Lincoln Investment voluntarily makes such payments to reimburse the Associations for certain marketing expenses (e.g., newsletter advertisements) in connection with Lincoln's products and services. Certain Associations require Lincoln Investment to reimburse them for (1) marketing expenses; (2) use of their facilities used to meet with their employees; (3) to obtain their explicit endorsement; or (4) to cover their administrative costs for the processing of payroll contributions.

**Loans and Advances.** On occasion, Lincoln Investment may extend a loan, provide a commission advance, or pay for practice management services for an advisor to assist an advisor in transitioning to the firm and/or running his or her business. Sometimes these loans or advances may be waived, in whole or in part, if certain sales or assets under management thresholds are met or certain practice management goals or conditions are met. In situations where a sales, assets under management threshold or other financial contingency exists, this conflict of interest will be disclosed in the Advisor's Form ADV 2B, which is required to be delivered by the Advisor to every client. Lincoln closely supervises Advisors who have these arrangements to ensure that all advice is suitable to the client.

**Gifts and Entertainment.** Offering or receiving a gift or entertainment from a product or advisory service sponsor could create a conflict of interest. Lincoln Investment has instituted a policy that prohibits excessive and/or too frequent gifts or entertainment activities to mitigate this conflict.

**Political Contributions.** Providing significant political contributions to a state or local official or candidate could create the perception that Lincoln Investment or its Advisors are seeking *quid pro quo* arrangements with that state or local government or its employees to open an account with our firm. Lincoln prohibits contributions in excess of \$350 per election if the Advisor can vote for the candidate and \$150 per election if the Advisor cannot vote for the candidate.

**Charitable Donations.** Providing significant charitable donations to a charity organization could create the perception that Lincoln Investment or its Advisors are seeking *quid pro quo* arrangements with that charity or its employees to open an account with our firm. Lincoln allows contributions to charities, but prohibits any donations that are deemed excessive or too frequent.

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

Lincoln Investment and our Advisors do not receive performance based fees. A performance based fee is an advisory fee that compensates the advisor for the advisor's success in managing his client's money or "a fee based on the share of the capital gains and appreciation of a client's funds." A performance based fee may induce an advisor to take greater and undue risks with client's funds in an attempt to generate higher compensation to the advisor.

#### **Item 7: Types of Clients**

Lincoln Investment primarily serves individuals, high net worth individuals, trusts, businesses, and charitable organizations as well as the retirement assets of individuals and businesses, including, through IRC 403(b) and 457 programs, individual retirement accounts (IRAs) and employer sponsored ERISA plans. Clients may open qualified and non-qualified accounts with Lincoln Investment. Not all investors and plans, including retirement plans, are eligible to invest in one or more of Lincoln's advisory programs. Please consult with your Advisor or your employer to determine if your assets are eligible to invest.

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

Investing in securities involves risk of loss that you, the investor, should be prepared to bear should you choose to invest with us.

**Investment Strategies.** Lincoln Investment uses asset allocation and diversification in an attempt to achieve the objectives of our model portfolios. Asset allocation involves allocating an investment portfolio among different asset classes, such as stocks, bonds and cash. Our dynamic model portfolios are proactively reallocated to reflect changes in market expectations. Diversification is the practice of spreading money among different investments to reduce risk.

For assets in one of the Lincoln Investment Managed Programs, Lincoln Investment may invest your assets in any asset class we deem necessary in an effort to achieve a model portfolio's objective. Such asset classes may include, but are not limited to: large-capitalization domestic equities, mid-capitalization domestic equities, small-capitalization domestic equities, high quality domestic debt, high yield domestic debt, international equities, emerging markets equities, foreign debt, real estate investment trusts, real assets, Treasury Inflation-Protected Securities, agency securities and Commercial Mortgage-Backed Securities and cash.

Investing in securities involves risk of loss that clients should be prepared to bear. Lincoln Investment cannot assure that any portfolio will increase or preserve capital or generate income, nor can we assure

that the objectives of any model portfolio will be realized. Asset allocation decisions made by Lincoln Investment may result in a profit or loss.

As more investments are added to a portfolio, fees and expenses may increase, which will, in turn, lower investment returns. Diversification does not assure a profit or protect against a loss. Mutual funds purchased for your account may invest in different types of securities, such as value or growth stocks, real estate investment trusts, corporate bonds or U.S. government bonds. There are risks associated with each asset class.

Because each mutual fund within a portfolio owns different types of investments, portfolio performance will be affected by a variety of factors. The value of your account will vary from day to day as the values of the underlying investments you hold vary. Such variations generally reflect changes in interest rates, market conditions and other company and economic news. These risks may become magnified depending on how much a fund invests or uses certain strategies.

The asset classes used by Lincoln Investment and your Advisor in implementing the methods of analysis and investment strategies described above carry material risks.

- **Cash & Cash Equivalents:** Lincoln Investment may invest a portion of your assets in cash or cash equivalents to achieve a model portfolio's objective, provide ongoing distributions and/or take a defensive position. Cash holdings may result in a loss of market exposure.
- **Equities:** The price of equities fluctuate due to many factors including changes in interest rates, global events, industry and company specific events, investor expectations, and general market conditions. You may receive more or less than the original purchase price when selling a security. Concentrated positions in equities typically pose additional risks as a downturn in your investment will cause a more significant loss. Diversification assists in reducing concentration risk. Equity mutual funds may include small-, mid- and large-capitalization stocks. Small- and mid-capitalization companies may have greater price volatility, lower trading volume and less liquidity than large-capitalization companies.
- **Fixed Income Investments:** One of the most important risks associated with fixed-income securities is interest rate risk, the risk encountered in the relationship between bond prices and interest rates. The price of a bond will change in the opposite direction of movements in prevailing interest rates. For example, as interest rates rise, bond prices will generally fall. If an investor has to sell a bond prior to the maturity date, an increase in interest rates could mean that the bondholder will experience a capital loss (i.e., selling the bond below its original purchase price). Reinvestment risk is the risk that the interest rate at which the interim cash flows can be reinvested will decline and thus reinvestments will receive a lower interest rate. Reinvestment risk is greater for longer holding periods.

Default risk is commonly referred to as "credit risk" and is based on the probability that the issuer of the debt obligation may default. Default risk is rated by quality ratings assigned by commercial rating companies.

Call risk is the risk related to call provisions on debt obligations. You should be aware of four risks associated with call provisions.

- 1) The cash flow patterns of callable bonds are not known with certainty.
- 2) Since the issuer will typically exercise their right to call the bonds when interest rates have dropped, you may be exposed to reinvestment risk. You would have to reinvest the proceeds after the bond is called at relatively lower interest rates.

- 3) The potential for capital appreciation of a callable bond is reduced relative to that of a non-callable bond, because its price may not rise much above the price at which the issuer can call the issue.
- 4) If the issue is purchased at a premium, you may lose the difference between the purchase price and call price.

Inflation risk arises because the value of the cash flows being received from a debt obligation may actually lose purchasing power over the course of time due to the effects of inflation.

Liquidity risk depends on the ease with which an asset can be sold at or near its current value. The best indicator to measure an issue's liquidity is the size of the spread between the bid price and the ask price quoted by a dealer. A wider spread on the asset indicates a greater liquidity risk. If you plan on holding a bond until its maturity date, liquidity risk is less of a concern.

Finally, exchange rate risk, which is encountered in non-dollar denominated bonds or bonds whose payments occur in a foreign currency, has unknown U.S. currency cash flows. The dollar cash flows are dependent on the exchange rate at the time the payments are received. For example, consider a bond whose coupon payment is paid out in Japanese yen. If the yen depreciates relative to the U.S. dollar, fewer net dollars will be received. Conversely, if the yen should appreciate relative to the U.S. dollar, the investor will benefit by receiving more net dollars.

Debt funds may include mortgage-backed securities and Treasury Inflation-Protected Securities (TIPS). Mortgage-backed securities are subject to greater declines in value than traditional fixed-income securities. This is primarily due to decreased prepayments when interest rates fall, which could lengthen the average life of a security. TIPS can provide a hedge against inflation, which helps preserve the purchasing power of the investment. Because of this inflation adjustment feature, inflation protected bonds typically have lower yields than conventional fixed rate bonds. These bonds will likely decline in price during periods of deflation, which could result in losses.

A number of fund companies are offering Floating Rate funds, also called Bank Loan funds. The fund invests mainly in floating rate loans (sometimes referred to as "adjustable rate loans") typically issued to below-investment-grade companies. These loans may or may not hold a senior position in the capital structure of the underlying U.S. and foreign corporations, partnerships or other business entities. Senior Loans may allow them to have priority of claim ahead of (or at least as high as) other obligations of a borrower in the event of liquidation and may be collateralized or uncollateralized. They typically pay interest at rates that float above, or are adjusted periodically based on, a benchmark that reflects current interest rates. These funds are designed for investors seeking to participate in the market for Senior Loans, which may have higher risks than conventional debt securities. Investors should be willing to assume the greater risks of short-term share price fluctuations and the special credit risks that are typical for a fund that invests mainly in below-investment-grade fixed income securities. The fund is not designed for investors needing an assured level of current income. Lincoln's use of these securities in its managed portfolios is only in well-diversified portfolios, to minimize the risks to the portfolio yet allow for the potential participation in the higher yields associated with these higher risk investments.

- **International Investing:** Investing in the global market can assist with diversification of a portfolio but it is important to consider some of the unique risks with such a strategy. Mutual funds purchased for your account may invest in international securities. Each country has unique rules and regulations covering corporations and their stock markets which offer investors varying degrees of protection. There are special risks associated with foreign investing, including currency fluctuations, economic instability and political developments. Fluctuations in foreign currency-denominated securities may

be magnified by changes in foreign exchange rates. These risks may be magnified in emerging markets.

- **Exchange Traded Funds (ETFs):** While investing in ETFs has similar risks as investing in individual equities, ETFs typically invest in a diverse group of securities. The level of diversification varies by ETF. While ETFs reduce the effects of concentration risk as compared to investing in a single security, certain ETFs are susceptible to industry, commodity or country risk. Investing in a diverse selection of ETFs may help to reduce this risk. Another important factor to consider with ETFs is that the portfolio of securities in which they invest are typically not actively managed. Leveraged and Inverse ETFs bear unique risks that investors who wish to trade in these securities must understand; due to the significant risk involved in these securities, Lincoln Investment will approve their use only on an exception basis.
- **Options:** Certain options strategies are highly specialized contracts based on securities and entail greater than ordinary investment risks.

For further information regarding the risks associated with Lincoln's Asset Management Program Model Portfolios and the best suited investment strategies for your account(s), please review the risk level of the Asset Management portfolio and your mutual fund prospectus(es) or consult with your Advisor. Lincoln Investment also provides information regarding its Asset Management strategists (including quarterly Asset Management strategist commentaries) on its website at [www.lincolninvestment.com](http://www.lincolninvestment.com).

#### **Item 9: Disciplinary Information**

Provided below is a summary of legal or disciplinary events within the past ten years that may be material to your evaluation of Lincoln's advisory business.

**January 27, 2016:** Lincoln Investment signed a Letter of Acceptance, Waiver and Consent ("AWC") with FINRA. Without admitting or denying the findings, Lincoln Investment accepted a censure and \$75,000 fine relating to the supervisory review of consolidated reports produced by Lincoln's representatives and provided to clients. Lincoln Investment further agreed to adopt and implement procedures reasonably designed to enhance the enforcement of our supervisory systems and procedures to ensure effective review of consolidated reports produced by representatives and provided to clients.

**September 25, 2018:** Lincoln Investment signed a Letter of Acceptance, Waiver and Consent ("AWC") with FINRA. Without admitting or denying the findings, Lincoln Investment, relating to its broker dealer, accepted a censure and \$35,000 fine relating to Lincoln's failure to implement reasonably designed surveillance procedures to monitor its registered representatives' rates of effecting variable annuity exchanges where the firm was not the broker of record for the variable annuity that was being exchanged. After FINRA raised this issue, Lincoln corrected its surveillance report to include all variable annuity exchanges.

Your Advisor should provide along with this brochure a Form ADV 2B Brochure Supplement that describes your Advisor's education, business experience, professional designations and material legal or disciplinary history, if any. For further information regarding Lincoln's disciplinary events, including those prior to 2009, you may go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.brokercheck.finra.org](http://www.brokercheck.finra.org) and search for Lincoln Investment Planning, LLC.

#### **Item 10: Other Financial Industry Activities and Affiliations**

**Broker-Dealer and Insurance Agency.** In addition to being a registered investment adviser, Lincoln

Investment is also a registered broker-dealer and an insurance agency. This may present a conflict of interest. Please refer to the "Other Compensation to Lincoln Investment and Our Conflicts of Interest" section under Item 5 of this brochure for information regarding Lincoln's conflicts of interests as a broker-dealer and insurance agency and how we address these conflicts.

**Authorized Agent for UMB Bank, N.A.** Lincoln Investment acts as authorized agent for UMB Bank, N.A., the retirement plan custodian used in our SOLUTIONS and some Pershing retirement plan platform offerings. As an authorized agent, Lincoln Investment performs the administrative and custodial duties, such as recordkeeping, consolidated reporting, client communications, trade confirmations, account statements and tax reporting for UMB Bank, N.A.

**NFA Membership.** Lincoln Investment is also an introducing broker member of the National Futures Association to facilitate the offering and sale of managed futures contracts to clients. The contracts are not eligible for advisory accounts.

**Advisors' Other Business Activities and Affiliations.** Lincoln's Advisors are primarily independent contractors, many of whom hold themselves out to the public under a name other than Lincoln Investment and offer other financial services independent of Lincoln, such as life, health, disability, long term care and fixed annuity insurance products, real estate, and business planning services. A few of our Advisors may also be qualified lawyers and accountants or hold certain professional designations not required by us to conduct business through Lincoln. These services are offered independent of Lincoln Investment as outside business activities and Lincoln Investment assumes no responsibility or supervision over these activities. Please refer to the "Other Compensation to Lincoln Investment and Our Conflicts of Interest" section under Item 5 of this brochure, or refer to your Advisor's ADV 2B brochure supplement, for more information regarding outside business activities and how we address these conflicts. You may go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.brokercheck.finra.org](http://www.brokercheck.finra.org) for further information regarding your Advisor's other business activities or affiliations.

**Independent Registered Investment Advisers.** Lincoln Investment permits certain Advisors to maintain their own independent registered investment advisory firm which may offer advisory services similar to, yet independent of, Lincoln. Lincoln Investment assumes no responsibility for their advisory programs and conducts suitability supervision over the transactions initiated by the Advisor. An Advisor who has his or her own independent investment adviser has a fiduciary responsibility to recommend to you the most suitable advisory program regardless of whether it is offered through their investment adviser or Lincoln's investment adviser, or an affiliate.

Advisors affiliated with other registered investment advisory firms must provide to their clients that firm's Form ADV Part 2A and advisory agreements and disclosures. To inquire as to whether your Advisor is affiliated with a separate registered investment advisory firm, it will be listed on their Form ADV 2B, a copy of which they are required to provide to you, or you may go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.brokercheck.finra.org](http://www.brokercheck.finra.org).

#### **Item 11: Code of Ethics. Participation or Interest in Client Transactions and Personal Trading**

**Code of Ethics.** As an investment adviser, Lincoln Investment has established a Code of Ethics under which all Lincoln Investment supervised employees and Advisors must comply. In our capacity as an investment adviser, Lincoln Investment owes a fiduciary duty to our investment advisory clients and is held to legal standards under applicable federal and state securities laws. Lincoln Investment has a fiduciary responsibility to (1) provide investment advice that the advisor believes is in the best interest of the client; (2) place clients interest above the interests of Lincoln and your advisor by providing full and fair disclosure of all material facts and conflicts of interest to clients, and (3) conduct all personal securities

transactions consistent with Lincoln's Code of Ethics.

Lincoln's Advisors are held to a professional standard that requires them to avoid any abuse of their position of trust and responsibility, not take inappropriate advantage of their positions, comply with applicable securities laws and regulations, and maintain confidentiality of client's financial circumstances.

You may request a full copy of Lincoln's Code of Ethics from your Advisor or Lincoln Investment's Compliance Department at (800) 242-1421, ext. 4300.

**Participation or Interest in Client Transactions and Personal Trading.** Lincoln Investment, its Advisors, members of the Investment Management & Research team, and employees may buy or sell for themselves securities that are also recommended to clients. With the exception of its Insider Trading policies and procedures, Lincoln Investment does not impose on itself or any person associated with it any restrictions in connection with the purchase or sale, directly or indirectly, of investments for his or her own account. Lincoln Investment requires that Advisors disclose conflicts of interest to you if an investment product is recommended in which Lincoln Investment or the Advisor has a material financial interest.

For all portfolios on which Lincoln Investment or your Advisor have discretionary authority, the Advisor and his or her employees must give priority to client securities purchases and sales over their own personal transactions in the same security. This means that any transaction by the Advisor or his/her employee must be placed either simultaneously with your transaction (i.e., aggregating the orders and sharing in the same price and execution costs) or after all client trades are placed on the same trading day. While the latter will not guarantee that you will receive the best price, it does establish that the client trades will occur at the same time as or before that of the Advisor or his/her employees. At no time may an Advisor participate in the profits or losses of an investor's account. Personal trading accounts of Advisors are reviewed by Lincoln Investment to ensure compliance.

#### Item 12: Brokerage Practices

**Lincoln Investment as Broker-Dealer/Custodian.** Lincoln's largest advisory offerings are custodied on our clearing and custodial platform, the SOLUTIONS Premier platform. This allows us to manage and control the costs associated with your accounts. As the platform utilizes exclusively mutual funds, we direct trades to Charles Schwab & Co. or directly to the fund company through either a private transmission or NSCC (National Securities Clearing Corporation). Please also refer to the "Other Compensation to Lincoln Investment and Our Conflicts of Interest" section under Item 5 of this brochure for further information regarding Lincoln's conflicts of interests as a broker-dealer.

**Use of Other Broker-Dealers/Custodians.** Some advisory services offered by Lincoln Investment specify one or more custodians or clearing firms where the assets must reside in order for the advisory services to be engaged. For many of these services, this allows Lincoln Investment the capability to have ongoing access to the assets for trading and viewing purposes. In order to be considered as a custodian for purposes of carrying and executing transactions, Lincoln Investment will review the reasonableness of the firm's execution reports, fees and transaction costs. Lincoln's SOLUTIONS Platform imposes an annual platform fee that covers all trading and administrative costs of your account. Other custodians have their own platform, administrative and trading costs for which you will be subject. Lincoln recommends a custodian based on many factors, trading costs being only one factor. We cannot guarantee that the platform recommended to you will be the lowest cost platform for you. Your advisor will recommend a platform based on the type of account you wish to open (brokerage or advisory), the type of securities you wish to invest in (mutual funds only or exchange traded securities), and where suitable advisory programs are available.



When Lincoln Investment is directing your account and your transactions to our broker-dealer or another broker-dealer, you may not receive the most favorable execution price on your transactions, which may cost you more money. Not all investment advisors require the use of a specific broker-dealer/custodian.

Please consult with your Advisor regarding which broker-dealer/custodians may be required for the advisory service(s) you wish to select or invest. Brokerage or custodial account fees and/or transaction charges, if any, are disclosed to you at the time your account is established. Lincoln Investment shares in fees from certain clearing firms, such as Charles Schwab & Co. and Pershing LLC. Please refer to the "Other Compensation to Lincoln Investment and Our Conflicts of Interest" section under Item 5 of this brochure for information regarding Lincoln's conflicts of interests when accounts are held on our SOLUTIONS platform or at Pershing.

### **Item 13: Review of Accounts**

**Account Review Policies and Procedures.** Your Advisor is responsible to ensure that the Planning Services are delivered to you on a timely basis. However, the timing of most deliverables will be dependent on the Client providing the Advisor with all relevant data and other information to enable Advisor to perform the engaged services.

Planning Services should be completed within six (6) months of the engagement (signing of the Planning Service Agreement.) In all cases, services must be completed within one (1) year from engagement, unless exceptions have been granted by the Supervision Department. Failure to deliver a plan within the prescribed timeframe may result in a full refund of any pre-paid fees to you.

A Supervising Principal will review all financial plans prepared by your Advisor to ensure the recommendations are appropriate and services are complete. If you have any questions about the recommendations, please call your Advisor's Designated Supervisor.

### **Item 14: Custody**

Lincoln, as a broker-dealer, is deemed a "qualified custodian" under broker-dealer regulations and Rule 206(4)-2 ("Custody Rule") of the Investment Advisers Act of 1940. As such, Lincoln Investment is qualified custodian for any assets on the SOLUTIONS platform. The Custody Rule requires investment advisors with custody of client securities or funds to establish and enforce controls designed to protect client assets from being lost, misused or misappropriated.

In accordance with the Custody Rule, Lincoln Investment is required to undergo an annual internal control audit and an annual surprise examination by a PCAOB independent public accounting firm whose responsibility it is to verify investor assets; to ensure investor account statements are sent directly to investors; and to obtain an internal control report to the firm relating to the custody of client assets.

You may have your advisory assets held at a qualified custodian other than Lincoln. You should receive, at minimum, a quarterly statement from the qualified custodian(s) of your advisory assets. We urge you to carefully review these statements and compare them to any reports provided to you by Lincoln Investment or your Advisor. The information in these reports may vary from your custodial statements based on accounting procedures and reporting dates. Please contact your Advisor or Lincoln Investment regarding any statement discrepancies.

#### **Item 15: Investment Discretion**

At no time during the engagement of Planning Services may an Advisor be assigned Discretionary Authority over any of your accounts and neither should you provide your advisor with any of your personal passwords or other access codes to any online accounts. Working with you on Planning Services does not grant Lincoln Investment or its Advisors the right to withdraw any funds or securities from your account(s), except as specifically authorized by you to pay the Planning Service Fees.

#### **Item 16: Voting Client Securities**

Lincoln Investment and its Advisors may not, and do not, accept authority to vote clients' proxies for any securities in an advisory or non-advisory service.

**LINCOLN INVESTMENT PLANNING, LLC  
AND SUBSIDIARIES**

**Consolidated Statement of Financial Condition  
December 31, 2019  
With Report of Independent Registered Public Accounting Firm**

**LINCOLN INVESTMENT PLANNING, LLC AND SUBSIDIARIES**  
Consolidated Statement of Financial Condition  
December 31, 2019

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Lincoln Investment Planning, LLC

### Opinion on Consolidated Statement of Financial Condition

We have audited the accompanying consolidated statement of financial condition of Lincoln Investment Planning, LLC and Subsidiaries (the Company) as of December 31, 2019. In our opinion, the consolidated statement of financial condition presents fairly, in all material respects, the financial position of the Company at December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statement of financial condition is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated statement of financial condition. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2010.

*Mitchell Titus, LLP*

February 28, 2020

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**LINCOLN INVESTMENT PLANNING, LLC AND SUBSIDIARIES**

## Consolidated Statement of Financial Condition

December 31, 2019

**ASSETS**

|   |                       |
|---|-----------------------|
| Cash  | \$ 22,993,726         |
| Cash segregated under federal and other regulations   | 32,058,024            |
| Commissions receivable  | 7,894,105             |
| Advisory fee receivable   | 189,730               |
| Fees receivable   | 2,315,373             |
| Advances to financial representatives, net of provision for doubtful accounts of \$223,096                    | 2,828,045             |
| Receivables from customers  | 159,651               |
| Receivables from providers  | 101,576               |
| Receivable from affiliates  | 870,985               |
| Prepaid expenses  | 2,900,671             |
| Notes receivable from financial representatives and others, net of provision for doubtful accounts of \$4,781 | 4,770,299             |
| Fixed assets, net of accumulated depreciation and amortization of \$1,183,513                                 | 514,164               |
| Operating lease right-of-use assets, net  | 12,672,635            |
| Deposits with clearing organizations and others   | 2,913,776             |
| Goodwill and other intangible assets, net of accumulated amortization of \$1,564,258                          | 21,645,271            |
| Other assets  | 2,276,358             |
| <b>Total assets</b>   | <b>\$ 117,104,389</b> |

**LIABILITIES AND MEMBER'S EQUITY***Liabilities*

|                                       |                   |
|---------------------------------------|-------------------|
| Payables to customers                 | \$ 18,518,458     |
| Commissions payable                   | 9,607,437         |
| Payables to retirement plan           | 1,372,072         |
| Accounts payable and accrued expenses | 11,956,345        |
| Note payable                          | 500,000           |
| Operating lease liabilities-current   | 2,676,346         |
| Operating lease liabilities-long term | 11,994,264        |
| Deferred advisory revenue             | 199,049           |
| <b>Total liabilities</b>              | <b>56,823,971</b> |

*Member's equity*

|  |                       |
|--|-----------------------|
| Member's equity                              | 60,280,418            |
| <b>Total liabilities and member's equity</b> | <b>\$ 117,104,389</b> |

The accompanying notes are an integral part of the consolidated statement of financial condition.

# LINCOLN INVESTMENT PLANNING, LLC AND SUBSIDIARIES

## Notes to Consolidated Statement of Financial Condition

December 31, 2019

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### NOTE 1 ORGANIZATION AND DESCRIPTION OF BUSINESS

Lincoln Investment Planning, LLC and Subsidiaries (the Company) are in the business of providing financial services. Lincoln Investment Planning, LLC (Lincoln) is a broker-dealer registered with the U.S. Securities and Exchange Commission (SEC) and various states' and territories' securities commissions and is also a member of the Financial Industry Regulatory Authority (FINRA) and the National Futures Association (NFA). Lincoln is also an investment adviser registered with the SEC and is subject to regulation by the U.S. Commodity Futures Trading Commission (CFTC). Lincoln was originally incorporated in November 1968 and was a wholly owned subsidiary of Lincoln Investment Group Holdings, Inc. (LIGHI) until July 31, 2015. Effective August 1, 2015, Lincoln became a single member Pennsylvania Limited Liability Company, with Lincoln Investment Capital Holdings, LLC (the Parent) as its sole member. LIGHI is a controlling member of the Parent. The Company specializes in the sale of mutual funds to its retail investors with a particular focus on its clients' retirement needs. The Company's investment advisory services include strategic and tactical asset allocation programs. Customers are geographically located throughout the U.S., with a primary concentration in the Eastern and Central regions. Lincoln self-clears and custodies approximately one-third of its client transactions on its proprietary *Retirement and Investor Solutions* platform. Lincoln's proprietary *Retirement and Investor Solutions* self-clearing platform accounts for approximately 37% of its clients' assets. Approximately 43% of clients' assets are held directly with product providers, while the remaining clients' assets are held on a fully disclosed basis with an unaffiliated broker-dealer. This unaffiliated broker-dealer performs clearing and custody services for these clients.

Lingren, LLC (Lingren) became a single member Pennsylvania Limited Liability Company as of August 1, 2015 with Lincoln as its sole member. Lingren had purchased the assets of a Washington State-based financial services firm specializing in 403(b) retirement plans and individual IRAs.

All securities business of Lingren is transacted through financial representatives registered with Lincoln.

On January 3, 2017, the Parent acquired Legend Group Holdings, LLC (LGH) from First Allied Holdings, Inc. At the time of the purchase, LGH owned all of the outstanding shares of Legend Equities Corporation (Legend Equities, a Delaware company and registered broker-dealer), Legend Advisory Corporation (Legend Advisory, a New York company and registered investment adviser), Advisory Services Corporation (Advisory Services, a Nevada company and third party administrator) and The Legend Group, Inc. (TLG, a Delaware company and single purpose entity lessee for real estate leases).

In addition, Legend Equities owned all of the outstanding shares of LEC Insurance Agency, Inc. (LEC Insurance, a Texas company and insurance agency). Further, on January 3, 2017, Legend Equities merged into the Company and LEC Insurance became a wholly owned subsidiary of the Company. Effective January 3, 2017, Legend Advisory, Advisory Services, TLG and LEC Insurance became single member limited liability companies with their respective states. Effective August 22, 2018, LEC Insurance was dissolved and is no longer a subsidiary of the Company.

Furthermore, effective October 1, 2019, Legend Advisory no longer offers investment advisory services. Its investment advisory agreements, and effectively all of its operations, have been assigned to Lincoln.

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

**Use of Estimates.** The accompanying consolidated financial condition have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated statement of financial condition and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents.** The Company has defined cash and cash equivalents as highly liquid investments with original maturities of less than ninety days at the time of purchase. The Company did not have any cash equivalents as of December 31, 2019.

**Principles of Consolidation.** The consolidated statement of financial condition includes the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

**Revenue from Contracts with Customers.** As of December 31, 2019 and January 1, 2019, \$7,894,105 and \$6,313,174, respectively, of the commissions receivable, \$189,730 and \$0, respectively, of the advisory fee receivable, \$2,315,373 and \$1,614,516, respectively, of the fees receivable, \$159,651 and \$503,464, respectively, of the receivables from customers, and \$101,576 and \$31,907, respectively, of the receivables from providers related to revenue contracts with customers.

Deferred advisory revenues were \$199,049 and \$61,962 as of December 31, 2019 and January 1, 2019 respectively. Deferred advisory revenues represent fees collected in advance of the Company satisfying its respective performance obligations. In general, performance obligations are satisfied within one year of payment.

# LINCOLN INVESTMENT PLANNING, LLC AND SUBSIDIARIES

## Notes to Consolidated Statement of Financial Condition

December 31, 2019

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Income Taxes.** As described in Note 1, effective August 1, 2015, the Company became a single member limited liability company. As a limited liability company, the Company is not subject to federal or state income taxes. As such, it is not a tax-paying entity for federal and state income tax purposes, and accordingly, the Company's consolidated statement of financial condition does not reflect any assets or liabilities for federal or state income taxes. The Parent reports the taxable income or loss in its tax returns.

U.S. GAAP requires the Company's management to evaluate uncertain tax positions taken by the Company. Accordingly, a tax benefit is recognized when it is more-likely-than-not to be sustained upon examination, based solely on its technical merits. The recognized benefit is measured as the largest amount of benefit, which is more-likely-than-not to be realized on ultimate settlement, based on a cumulative probability basis.

De-recognition of a previously recognized tax position occurs following the determination that the tax position no longer meets the more-likely-than-not threshold of being sustained. The Company does not have any tax positions for which a liability has been established or is otherwise unrecognized. The Company is subject to routine examination by taxing jurisdictions. The Company believes it is no longer subject to income tax examinations prior to 2016.

**Fixed Assets.** Fixed assets include furniture and fixtures, computer and office equipment, and internally developed software and are depreciated or amortized using the straight-line method over the estimated useful life of the assets. The Company assesses the recoverability of fixed assets whenever events or changes in circumstances indicate that it may not be able to recover the assets' carrying amount. The capitalization of costs of internally developed software begins when technological feasibility is established. The estimated useful life of fixed assets ranges from three to five years.

Fixed assets as of December 31, 2019 consisted of the following:

|   |           |                |
|---|-----------|----------------|
| Computer and office equipment                   | \$        | 10,000         |
| Furniture and fixtures                          |           | 13,344         |
| Internally developed software                   |           | 1,674,333      |
|   |           | <hr/>          |
|   |           | 1,697,677      |
| Less: Accumulated depreciation and amortization |           | (1,183,513)    |
|   |           | <hr/>          |
| <b>Fixed assets, net</b>                        | <b>\$</b> | <b>514,164</b> |

**Leases.** Refer to Note 12 for significant accounting policies and disclosures.

**Provision for Doubtful Accounts.** The Company provides for a provision for doubtful accounts for advances to and notes receivable from financial representatives and others based on experience and specifically identified risks. Advances to financial representatives and notes receivable to financial representatives and others are considered delinquent when management determines recovery is unlikely and the Company ceases collection efforts. Allowance for doubtful accounts comprised of the following:

|  |           |                |
|--|-----------|----------------|
| Doubtful accounts, beginning balance     | \$        | 200,954        |
| Write-offs                               |           | (2,495)        |
| Provision                                |           | 29,418         |
|  |           | <hr/>          |
| <b>Doubtful accounts, ending balance</b> | <b>\$</b> | <b>227,877</b> |

**Goodwill and Other Intangible Assets.** Goodwill and sales representative relationships are accounted for in accordance with the requirements of ASC 350, *Intangibles—Goodwill and Other*. Goodwill and sales representative relationships are tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change, which would more-likely-than-not reduce its fair value below the carrying value.

As of October 1, 2019, the operations of Legend Advisory were assigned to the Company and the contribution of the business was effected. The goodwill on Legend Advisory, which was recorded in accordance with the principles of pushdown accounting, was transferred to the Company.

The Company performed an annual impairment evaluation as of December 31, 2019 and noted there was no impairment to any of its goodwill or sales representative relationships.

Customer lists are amortized over five- to eight-year periods. Covenants not to compete are amortized over the related contract term. Management routinely assesses if an event occurs or circumstances change indicating that the carrying value of its customer lists and covenants not to compete become non-recoverable. No such events or circumstances took place during the year.



# LINCOLN INVESTMENT PLANNING, LLC AND SUBSIDIARIES

## Notes to Consolidated Statement of Financial Condition

December 31, 2019

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### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**Notes Receivable from Financial Representatives and Others.** The Company's notes receivable balance primarily consists of notes receivable from financial representatives. These interest-bearing note agreements are given to financial representatives to assist them in growing their business. The repayment term of the note ranges from six months to 10 years.

Based on the nature of these notes receivable, the Company does not analyze this asset on a portfolio segment or class basis. Concerns regarding recoverability generally arise in the event that a financial representative's securities registration is terminated by the Company. The Company maintains a provision for doubtful accounts. The Company determines the amount of the provision based on specific identification of material amounts at risk by financial representatives and maintains a provision based on its historical collection experience. The credit quality of the notes receivable and the adequacy of this provision is assessed on a monthly basis by evaluating all known factors, such as historical collection experience, the economic and competitive environment and changes in the creditworthiness and licensing registration status of the financial representatives.

Although management believes its provision is adequate, it cannot anticipate with any certainty the changes in the financial condition of its financial representatives. As a result, the Company records adjustments to the provision for doubtful accounts in the period in which the new information that requires an adjustment to the provision becomes known.

The accrual of interest is discontinued for all notes classified as doubtful and non-performing. A note returns to accrual status when it is classified as performing. The note, at that time, recaptures the interest not accrued during the non-accrual period. Payments received for notes on non-accrual status are applied first to outstanding interest due on the notes and then to outstanding principal.

A note is considered impaired under applicable accounting guidance if it is classified as doubtful; that is, when based on current information, it is probable that the Company will be unable to collect the scheduled amounts due according to the contractual terms of the note agreement. At December 31, 2019, there was one note that was categorized as non-performing.

**Recently Issued Accounting Pronouncements.** In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by an entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to develop credit loss estimates. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Therefore, ASU 2016-13 will be effective for the Company's fiscal year beginning on January 1, 2020, using a modified retrospective approach. The Company is currently assessing the impact this ASU will have on its consolidated statement of financial condition.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Topic 350): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the accounting for costs to implement a cloud computing arrangement that is a service with the guidance on capitalizing costs for developing or obtaining internal-use software. The Company is currently assessing the impact this ASU will have on its consolidated statement of financial condition upon adoption of the provisions of this guidance on January 1, 2020.

**Recently Adopted Accounting Pronouncements.** In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 changes the accounting for leases, primarily by lessees in operating leases, by requiring (a) the recognition of (i) a lease asset (right of use) and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position and (ii) a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis, and (b) the classification of all lease payments within the operating activities in the statement of cash flows. This new guidance is effective for the annual periods ending after December 15, 2019 for public business entities. Effective January 1, 2019, the Company adopted ASU 2016-02 using the modified retrospective method. As a result of adoption, there was no cumulative impact to the Company's member's equity as of January 1, 2019. Refer to Note 12 for significant additional disclosure.

### NOTE 3 CASH SEGREGATED UNDER FEDERAL REGULATIONS

Segregated cash of \$32,058,024 represents cash segregated in special reserve bank account for the exclusive benefit of customers pursuant to the Customer Protection Rule 15c3-3 under the U.S. Securities Exchange Act of 1934.

### NOTE 4 RETIREMENT PLAN

The Company has a defined contribution profit-sharing and Section 401(k) salary deferral plan that covers employees who have attained the age of 18. Employees are eligible for the 401(k) salary deferral plan on the first day of the month following 30 days from date of hire. Employees are eligible for the profit-sharing component after completing 1,000 hours of service. The employee must also be employed on the last day of the plan year to receive the profit-sharing component.

# LINCOLN INVESTMENT PLANNING, LLC AND SUBSIDIARIES

## Notes to Consolidated Statement of Financial Condition

December 31, 2019

### NOTE 4 RETIREMENT PLAN *(Continued)*

Under the plan, eligible participating employees may elect to contribute up to the lesser of 75% of their salaries, or \$19,000, with an opportunity for participants 50 years of age or older during the plan year to contribute an additional \$6,000. The

Company contributes 100% of the participant's contribution up to 6% of compensation. Participants are always fully vested in their contributions and Company contributions become fully vested to the participants after three plan years.

### NOTE 5 NOTE PAYABLE

The non-interest bearing note payable relates to the asset and book of business of a financial services firm in Virginia acquired in 2016. The note payable had a face value of \$2,000,000. The note is discounted based on an imputed interest rate of 5.09%. The note payable balance at December 31, 2019 was \$500,000 and was paid off in January 2020.

### NOTE 6 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets are comprised of the following:

|                                    |    |                    |
|------------------------------------|----|--------------------|
| Goodwill                           | \$ | 18,221,792         |
| Sales representative relationships |    | 1,848,311          |
| Customer lists                     |    | 2,939,426          |
| Covenant not to compete            |    | 200,000            |
| Total                              |    | <u>23,209,529</u>  |
| Less: Accumulated amortization     |    | <u>(1,564,258)</u> |
| Net                                | \$ | <u>21,645,271</u>  |

The following table is a breakdown by asset category of the weighted-average amortization period and life-to-date accumulated amortization for all amortized intangible assets:

| Asset Category                               | Weighted-Average<br>Amortization<br>(Years) | Accumulated<br>Amortization |
|--|---|-----------------------------|
| Customer lists                               | 7.74  | \$ 1,426,480                |
| Covenant not to compete                      | 4.00  | <u>137,778</u>              |
| <b>All amortizable intangible<br/>assets</b> | 7.50  | <u>\$ 1,564,258</u>         |

Goodwill is related to asset purchases of financial services firms located in Massachusetts in 2000, Washington State in 2009, Virginia in 2016, California in 2018, the Legend Equities merger described in Note 1, and the Legend Advisory business contribution described in Note 2. Goodwill is not amortized.

A summary of goodwill activity is as follows:

|                                   |                      |
|-----------------------------------|----------------------|
| Goodwill, beginning balance       | \$ 1,793,166         |
| Goodwill activity during the year | <u>16,428,626</u>    |
| <b>Goodwill, ending balance</b>   | <u>\$ 18,221,792</u> |

The sales representative relationship assets are related to the Washington State and California acquisitions. Sales representative relationship assets are not amortized.

The customer lists asset are related to asset purchase of a financial services firm based in Virginia in 2016. In addition, the customer lists are related to purchase of a portion of financial representative's books of business based in Pennsylvania in 2017. Customer lists are being amortized over five to eight years.

Non-amortized intangible assets are subject to periodic review for impairment, and are written down as applicable. The covenants not to compete are related to the asset purchases in Virginia in 2016 and California in 2018. The covenant not to compete related to the California acquisition is being amortized over three years. The covenant not to compete for Virginia is being amortized over five years.

# **LINCOLN INVESTMENT PLANNING, LLC AND SUBSIDIARIES**

## **Notes to Consolidated Statement of Financial Condition**

**December 31, 2019**

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### **NOTE 7 COMMISSIONS AND OTHER FEES RECEIVABLE**

Commissions and other fees receivable arise from selling mutual fund shares, other securities, insurance products, and providing services to investors. Overall, the Company believes the concentration of credit risk is limited due to the number of funds in which their customers invest.

### **NOTE 8 RECEIVABLE FROM AND PAYABLES TO CUSTOMERS**

Securities owned by customers are held as collateral for receivables from customers. The value of such securities equals or exceeds the amount of the receivables. Such collateral is not reflected in the consolidated statement of financial condition.

Payables to customers include amounts due on cash transactions.

### **NOTE 9 AND CONTINGENCIES**

The Company conducts its operations in leased facilities under operating leases that expire at various dates. The Company's headquarters are in Fort Washington, Pennsylvania, but its sales offices are maintained in several other locations. See Note 12 for additional information on leases. The Company leases computer equipment, other equipment, and furniture and fixtures for its headquarters and other offices from ForLease LIP, LLC, as described in Note 11. This lease includes a clause where both parties may terminate the lease without penalty. Accordingly, the lease is classified as short term and therefore, is not included in the future minimum commitments as described in Note 12.

The Company is party to a number of claims, lawsuits, and arbitrations arising in the course of its normal business activities. It is not possible to forecast the outcome of such lawsuits/arbitrations. However, because of existing insurance, management believes that the disposition of such lawsuits/arbitrations will not have a materially adverse effect on the Company's operations or financial position.

As with many financial services companies, from time to time, the Company receives informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and sales practices of the financial services industry. In each case, the Company believes full cooperation has been given and is being provided. Management believes that there are no regulatory issues pending that would have a materially adverse effect on the Company's operations or financial position.

### **NOTE 10 AGREEMENTS WITH CARRYING BROKER**

Lincoln has entered into an agreement with a broker (the Carrying Broker) to execute certain securities transactions on behalf of its customers. Lincoln discloses these arrangements to its customers. Lincoln is subject to off-balance-sheet risk in that it may be responsible for losses incurred by the Carrying Broker that result from a customer's failure to complete securities transactions as provided for in the agreements.

### **NOTE 11 RELATED-PARTY TRANSACTIONS**

The Company leases computer equipment, other equipment, and furniture and fixtures for its headquarters and other offices from ForLease LIP, LLC, which is owned by the Parent.

Financial representatives of the Company also sell products and services for various affiliates of the Company.

Capital Analysts, LLC (CA) is a wholly owned subsidiary of the Parent and is registered as an investment adviser with the SEC. The Company has a receivable of \$870,664 from CA for the allocated expenses to CA, which is included in receivable from affiliates in the accompanying consolidated statement of financial condition as of December 31, 2019.

Legend Advisory is a wholly owned subsidiary of LGH and withdrew its registration as an investment adviser with the SEC effective October 1, 2019. The Company has a receivable of \$321 from Legend Advisory for the expense paid for Legend Advisory, which is included in receivable from affiliates in the accompanying consolidated statement of financial condition as of December 31, 2019.

Advisory Services is a wholly owned subsidiary of LGH and is a third party administrator. The Company had collected all receivables from Advisory Services as of December 31, 2019.

# LINCOLN INVESTMENT PLANNING, LLC AND SUBSIDIARIES

## Notes to Consolidated Statement of Financial Condition

December 31, 2019

### NOTE 12      LEASES

**Adoption of ASC Topic 842, Leases.** On January 1, 2019, the Company adopted ASC Topic 842, *Leases* (“Topic 842”). As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2019 a lease liability of \$15,232,423, which represents the present value of the remaining lease payments of \$17,838,737, discounted using the Company’s estimated incremental borrowing ranging from 4.25% to 5% per year and a right of use asset of \$13,066,144, which represents the lease liability of \$15,232,423 adjusted for accrued rent of \$2,166,279. There was no material impact to its consolidated statements of income. Results for reporting periods beginning after January 1, 2019 are presented under Topic 842.

**Lease Recognition.** The Company determines if an arrangement is a lease or contains a lease at inception. The Company has operating leases for corporate offices and equipment with remaining lease terms of 1 years to 8 years, some of which include options to extend the lease for up to 10 years. For leases with renewal options, the lease term is extended to reflect renewal options the Company is reasonably certain to exercise. Operating lease assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. As most of the Company’s leases do not provide an implicit rate, the Company estimates its incremental borrowing rate based on information available at the commencement date in determining the present value of future payments. Lease expense for net present value of payments is recognized on a straight-line basis over the lease term.

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases \$ 3,299,707

Supplemental weighted information related to leases were as follows:

Operating leases weighted average remaining lease term in years 6.19 years

Operating leases weighted average discount rate 4.45%

Maturities of lease liabilities as of December 31, 2019 were as follows:

| <u>Year</u>            | <u>Amount</u>        |
|------------------------|----------------------|
| 2020                   | \$ 3,256,296         |
| 2021                   | 2,935,301            |
| 2022                   | 2,328,275            |
| 2023                   | 2,145,281            |
| 2024                   | 2,008,557            |
| 2025 and thereafter    | 4,180,646            |
| Total lease payments   | 16,854,356           |
| Less: Imputed interest | (2,183,746)          |
| <b>Total</b>           | <b>\$ 14,670,610</b> |

### NOTE 13      NET CAPITAL REQUIREMENTS

Lincoln is subject to Rule 15c3-1, which requires the maintenance of minimum net capital. A broker-dealer that fails to comply with Rule 15c3-1 may be subject to disciplinary actions by the SEC and self-regulatory organizations, such as FINRA, including censures, fines, suspensions, or expulsion.

Lincoln has elected to use the alternative method permitted by Rule 15c3-1, which requires Lincoln maintain minimum net capital equal to the greater of \$250,000 or 2% of aggregate debit balances arising from customer transactions. Lincoln is also subject to the net capital requirements of CFTC Regulation 1.17 and requirements of the NFA, and is required to maintain minimum net capital of the greater of \$45,000 or its Rule 15c3-1 net capital requirement. At December 31, 2019, Lincoln had net capital of \$22,041,549, which was 13,813% of aggregate debit balances and \$21,791,549 in excess of the minimum net capital requirement.

Distribution payments and other equity withdrawals from Lincoln are subject to certain notification and other provisions of Rule 15c3-1 and other regulatory bodies. Under the alternative method, Lincoln may not pay cash distributions, or make any unsecured advances or loans to its member or employees if such payment would result in net capital of less than 5% of aggregate debit balances, or less than 120% of its minimum dollar net capital requirement.