

# Building confidence in times of crisis

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

For use with the general public.

2997308

Not insured by any federal government agency | Not a deposit | Not FDIC-insured  
May go down in value | Not guaranteed by any bank or savings association

# A tradition of strength

## 115 years and counting

In a world that is rapidly changing around us, embracing confidence – and lessons learned from past experience – has never been more important.

Named for one of our nation’s greatest leaders and founded on the ideals of dependability, honesty and integrity, Lincoln has spent more than a century delivering on our promises and enriching the lives of our customers.

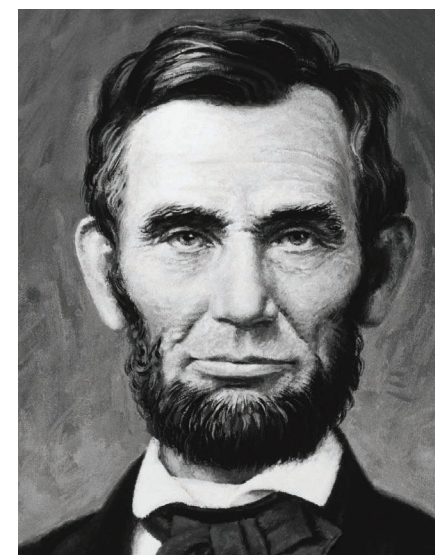
We live by these values and these outcomes. We take action, and it shows. And every day, we renew our commitment to inspiring confidence in your financial future.

## More than words... action

The past has the power to make us better. We navigated and learned from the last financial crisis by taking informed, strategic actions that positioned us to manage future challenges. You can see that dedication, and the results, over time.

| Capital and balance sheet evolution | 2008   | 2019   |
|-------------------------------------|--------|--------|
| Assets under management             | \$178B | \$275B |
| Statutory capital                   | \$5.1B | \$9.7B |
| Below investment-grade assets       | 6.1%   | 3.7%   |

Source: Lincoln Financial Group Investor Presentation, February 12, 2020. Data as of December 31, 2019.



“Commitment is what transforms a promise into a reality.”

—Abraham Lincoln

## Financial strength ratings<sup>1</sup>

|                   | The Lincoln National Life Insurance Company | Lincoln Life & Annuity Company of New York |
|-------------------|---|--|
| A.M. Best         | <b>A+</b> (2nd highest of 16)               | <b>A+</b> (2nd highest of 16)              |
| Fitch             | <b>A+</b> (5th highest of 19)               | <b>A+</b> (5th highest of 19)              |
| Moody’s           | <b>A1</b> (5th highest of 21)               | <b>A1</b> (5th highest of 21)              |
| Standard & Poor’s | <b>AA-</b> (4th highest of 21)              | <b>AA-</b> (4th highest of 21)             |

## Commitment and confidence recognized

- *Forbes*, "Just 100," #1 Insurance Company for Customers
- 2019 *Fortune* 500 Top Companies in America
- 2019 Dow Jones Sustainability Index North America Award

What does all of this mean for you? It means you can feel confident that Lincoln is strong at a time when strength matters.

# Overcoming adversity

We've seen a lot since our founding in 1905 and learned this: There will always be challenges to overcome, but it's critical to stand tall along the way. And that's what we do.

We've witnessed and weathered challenges, from global health outbreaks to major financial events and their fallout.

Here are some of the most significant events we've experienced since being in business.

|  |
|--|
| <span style="color: #c00000;">■</span> Financial |
| <span style="color: #660000;">■</span> Epidemic  |

| Event  | Date |
|--|------|
| <span style="color: #c00000;">■</span> World War I             | 1914 |
| <span style="color: #660000;">■</span> Spanish Influenza       | 1918 |
| <span style="color: #c00000;">■</span> Crash of 1929           | 1929 |
| <span style="color: #c00000;">■</span> 1937 Fed Tightening     | 1937 |
| <span style="color: #c00000;">■</span> Post-WWII Crash         | 1946 |
| <span style="color: #c00000;">■</span> Eisenhower Recession    | 1956 |
| <span style="color: #c00000;">■</span> Flash Crash of 1962     | 1962 |
| <span style="color: #c00000;">■</span> 1966 Financial Crisis   | 1966 |
| <span style="color: #c00000;">■</span> Tech Crash 1970         | 1970 |
| <span style="color: #c00000;">■</span> Stagflation             | 1973 |
| <span style="color: #c00000;">■</span> Volcker Tightening      | 1980 |
| <span style="color: #660000;">■</span> HIV/AIDS                | 1981 |
| <span style="color: #c00000;">■</span> 1987 Crash              | 1987 |
| <span style="color: #660000;">■</span> Pneumonic Plague        | 1994 |
| <span style="color: #c00000;">■</span> Tech Bubble             | 2000 |
| <span style="color: #660000;">■</span> SARS                    | 2003 |
| <span style="color: #660000;">■</span> Avian (Bird) Flu        | 2006 |
| <span style="color: #660000;">■</span> Dengue Fever            | 2006 |
| <span style="color: #c00000;">■</span> Global Financial Crisis | 2008 |
| <span style="color: #660000;">■</span> Swine Flu (H1N1)        | 2009 |
| <span style="color: #660000;">■</span> Cholera                 | 2010 |
| <span style="color: #660000;">■</span> MERS                    | 2013 |
| <span style="color: #660000;">■</span> Ebola                   | 2014 |
| <span style="color: #660000;">■</span> Measles                 | 2014 |
| <span style="color: #660000;">■</span> Zika                    | 2016 |
| <span style="color: #660000;">■</span> Measles                 | 2019 |

Sources:  
 "J.P. Morgan Guide to the Markets®" March 10, 2020.  
 First Trust, "Epidemics and Stock Market Performance Since 1980," 2020.

## Understanding bear markets

Since 1929, we've seen 25 bear markets (defined as instances of ≥ 20% market decline). Below are 12 of the most noteworthy events in these bear market periods, with a closer look at their durations and the bull markets that followed.

| Market event            | Market peak | Bear return | Duration (months) | Next bull market return | Duration (months) |
|-------------------------|-------------|-------------|-------------------|-------------------------|-------------------|
| Crash of 1929           | Sept.-'29   | -86%        | 32                | 129%                    | 23                |
| 1937 Fed Tightening     | Mar.-'37    | -60%        | 61                | 158%                    | 49                |
| Post-WWII Crash         | May-'46     | -30%        | 36                | 267%                    | 85                |
| Eisenhower Recession    | Aug.-'56    | -22%        | 14                | 39%                     | 13                |
| Flash Crash of 1962     | Dec.-'61    | -28%        | 6                 | 76%                     | 39                |
| 1966 Financial Crisis   | Feb.-'66    | -22%        | 7                 | 48%                     | 25                |
| Tech Crash 1970         | Nov.-'68    | -36%        | 17                | 74%                     | 31                |
| Stagflation             | Jan.-'73    | -48%        | 20                | 62%                     | 32                |
| Volcker Tightening      | Nov.-'80    | -27%        | 20                | 229%                    | 60                |
| 1987 Crash              | Aug.-'87    | -34%        | 3                 | 417%                    | 113               |
| Tech Bubble             | Mar.-'00    | -49%        | 30                | 101%                    | 60                |
| Global Financial Crisis | Oct.-'07    | -57%        | 17                | 326%                    | 132               |
| <b>Average</b>          |             | <b>-42%</b> | <b>22</b>         | <b>161%</b>             | <b>55</b>         |

A bear market is defined as a 20% or more decline from the previous market high. The related market return is the peak-to-trough return over the cycle.

## What does this mean for today?

While short-term uncertainty will continue as market, economic and other global impacts of COVID-19 unfold, don't lose sight of this fact: **History shows it's possible to bounce back from crisis moments like this one.**



# A history of recovery

A closer look at some of the most significant health and financial events in recent memory shows that while the immediate declines looked – and felt – catastrophic, recovery was not far off. As Americans, and as a company, it's in our nature to come back better and stronger from every crisis.

## 9/11: Changed the way we live

The September 11, 2001, attacks set off financial and societal ripple effects, with long-term changes to American life.

- Temporary market shutdown; record-setting daily market drops; and steep travel, tourism and hospitality losses
- Military actions in Afghanistan and Iraq impacted the market for the next two years

### But soon, a rebound:

- Two years later, in 2003, the market surpassed pre-9/11 levels
- By the end of 2007, the market was up 34%

## 2008 Financial Crisis and 2009 H1N1 (Swine Flu): Changed the financial industry and how we think about health crises

2008 marked the largest financial downturn since the Great Depression.

- Sparked by converging factors like deregulation and subprime mortgages
- Affected the global financial system, leading to a -57% loss from market peak

Following soon after, the Swine Flu pandemic emerged in spring 2009.

- Over 60M U.S. cases, and more worldwide
- 274,304 hospitalizations and 12,469 deaths in the U.S.<sup>2</sup>
- \$7.65B appropriated by Congress to fight the virus<sup>3</sup>

Despite both crises, long-term recovery followed:

- Market grew 53% in the first six months of recovery and fully recovered in three years
- Reached 178% cumulative growth over five years, leading the way to the greatest bull market of all time

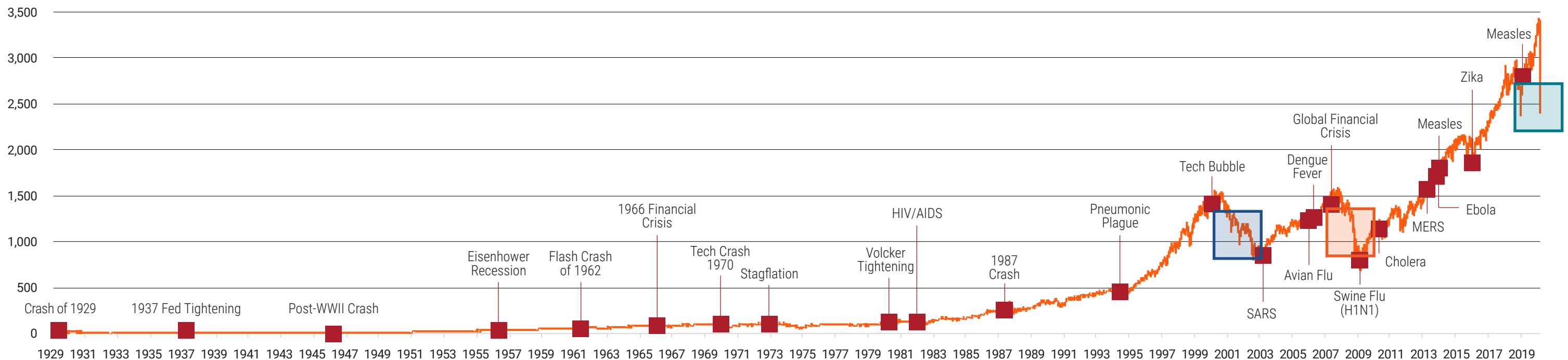
## 2020: Prepared to face new challenges

The World Health Organization declared COVID-19 an international emergency in January 2020, which grew to a global pandemic by March.

- Sparked an unprecedented global crisis, which impacted the healthcare system, service and travel industries, oil markets, and ultimately, our daily lives
- Fortunately, the U.S. entered this particular crisis with a healthy economy and strong job market, which may help provide greater resiliency in the months to come

Long-term impacts are unknown, but history reminds us that we'll respond – and recover.

## Market performance in crisis



Market is defined as S&P 500 Price Index, 1929–2019.

Source: First Trust, "Epidemics and Stock Market Performance Since 1980," 2020.

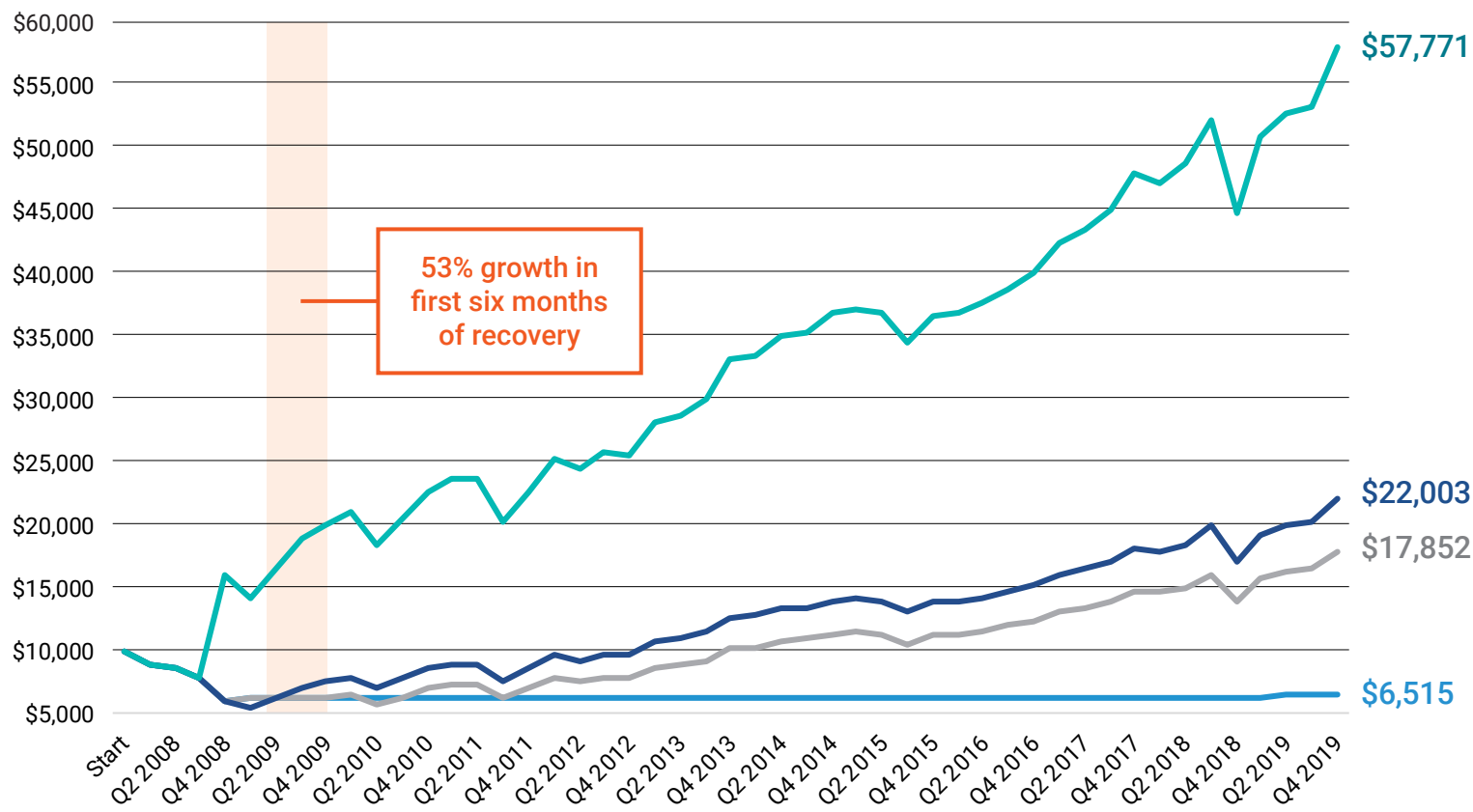


# Your response matters

Challenges are a natural part of the market, but the short-term intensity and impact doesn't have to define your outlook. How you react to the current environment will play a role in your ability to reach your long-term goals. It's okay to pause and consider how today's actions will affect the future.

**There are four general reactions that investors may have during periods of financial upheaval.** Take a look at this example of how each approach played out. The case for optimism is clear: Those investors who stayed the course and leaned into market lows saw better results in the long run.

## Hypothetical growth of \$10,000 following the financial crisis of 2008\*



\*Based on S&P 500 Price Return Index performance.



### Opportunistic

Taking advantage of the reduced values of equities to make additional investments to the existing portfolio. **This investor added an additional \$10,000 in Q1 2009.**



### Steady

Riding out the crisis without making any changes to the investment portfolio. **This investor stayed in the market.**



### Uncertain

Waiting until the market recovers before moving assets to more conservative and stable investments. **This investor moved to "cash" in the beginning of Q1 2009, and reinvested in S&P 500 in Q1 2010.**



### Apprehensive

Moving assets away from volatility during a market low to find more stable investment opportunities. **This investor moved to "cash" in Q1 2009 and stayed put.**

"It is the words that speak boldly of your intentions. And the actions which speak louder than words."

*A Lincoln®*

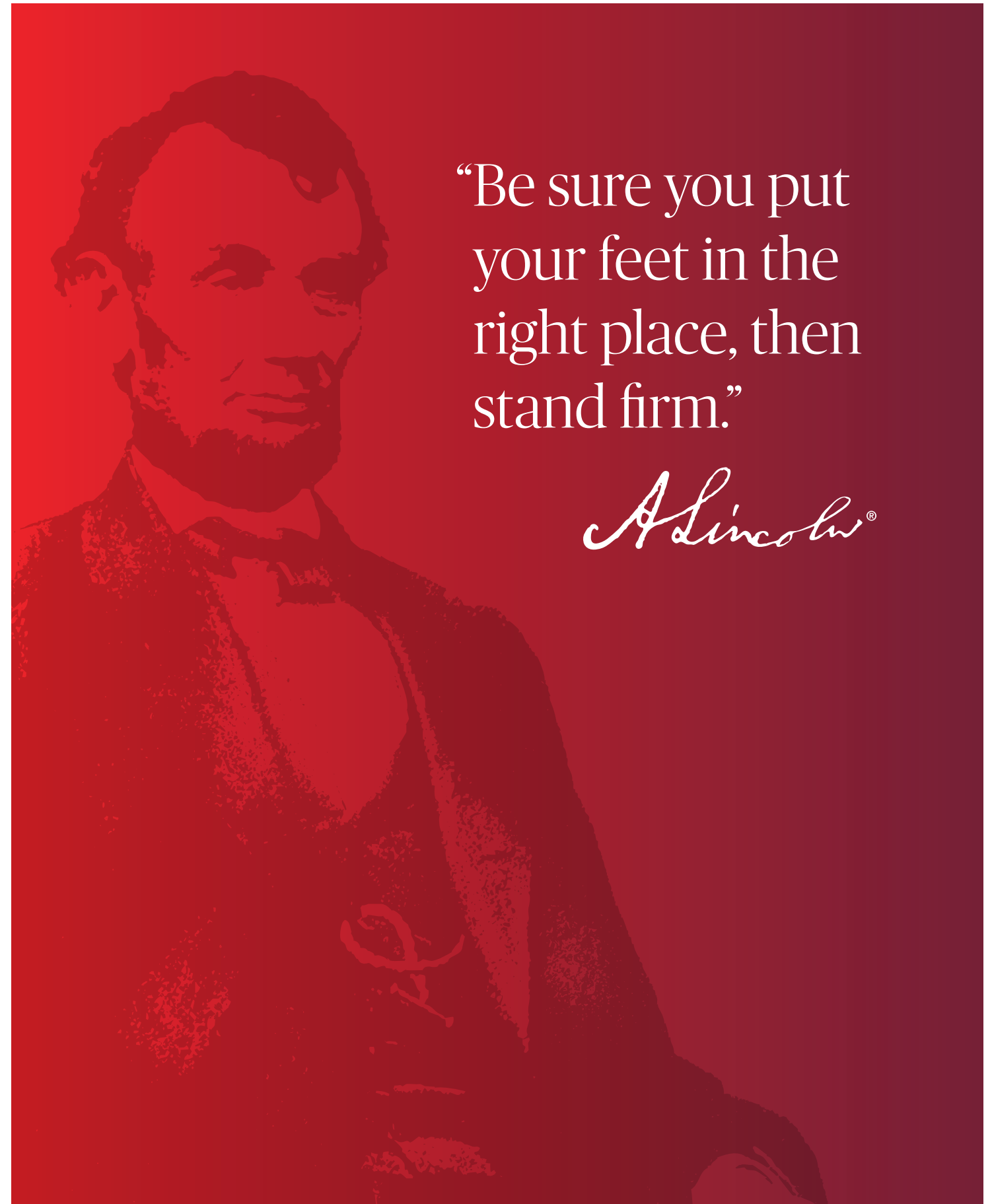
# Now is the time for confidence

Regardless of how the world changes around us, the best decision you can make for your future is to remain optimistic.

Staying the course to see beyond current challenges can feel like a tremendous task in times of uncertainty, but there is one thing you can be sure of: No matter what tomorrow brings, you have the support and strength of Lincoln by your side.



**We're all in this together —  
let's make the choice to be  
in it with confidence.**



**“Be sure you put  
your feet in the  
right place, then  
stand firm.”**

*A Lincoln®*

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<sup>1</sup>These ratings apply only to the claims-paying ability as of February 5, 2020. All ratings are subject to revision or withdrawal at any time by the rating agencies. The ratings are not recommendations to buy, sell or hold our securities. For more information on ratings, including rating agency outlooks, see [LincolnFinancial.com/investor](http://LincolnFinancial.com/investor).

<sup>2</sup>Centers for Disease Control and Prevention (CDC), "2009 H1N1 Pandemic (H1N1pdm09 virus)."

<sup>3</sup>PBS.org, "How Much Will the H1N1 Flu Cost the U.S.?" October 2009.

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