Via Email: director@fasb.org

January 31, 2011

Technical Director
File Reference No. 1890-100
Financial Accounting Standards Board
401 Merrit 7
Post Office Box 5116
Norwalk, CT 06856-5116

Re: FASB Discussion Paper, Effective Dates and Transition Methods

Dear Technical Director:

Lincoln National Corporation ("LNC" or "we") appreciates the opportunity to comment on the FASB Discussion Paper, Effective Dates and Transition Methods ("FASB DP"). LNC is a holding company which operates multiple insurance and retirement businesses in the United States through subsidiary companies. Through our business segments we sell a wide range of insurance, wealth protection, accumulation and retirement income products and solutions. As of September 30, 2010 we had consolidated assets of $190.5 billion.

The life insurance industry fills a critical role in ensuring the financial and retirement security of millions of Americans. Many of the projects that are the subject of the FASB DP will result in significant changes to how LNC, and other companies in the life insurance industry, measure and report the results of our business, including the financial instruments, insurance contracts and financial statement presentation projects. The standards that result from these projects will significantly change how we measure the largest balances on our financial statements, and will change the manner in which our financial results are presented from what we do today. Such significant changes will require due process to ensure that users will be able to understand the metrics and drivers of insurance companies based on the new accounting and reporting model.

We support the efforts of the FASB to work with the International Accounting Standards Board ("IASB") to achieve a single set of high quality global accounting standards. However, we believe that current U.S. GAAP has a well established set of standards that have served our industry well over the past several decades and any changes made to existing U.S. GAAP should be done so only after careful consideration and due process. Any change to existing U.S. GAAP should enhance the reflection of the underlying economics and increase the understandability and reliability of the financial statements rather than resulting solely from a desire to converge with IFRS.

We are concerned with the aggressive time table that the IASB has established, which will result in the issuance of final guidance related to many of the projects that are the subject of the FASB DP prior to June 2011. We believe that sufficient lead time and due process is required to ensure the establishment of high-quality accounting standards. We urge the FASB to work with the IASB toward a single set of high-quality financial statements, but not at the expense of the U.S. GAAP accounting framework that has been in effect for many years.
In theory we support a single date approach to transition to the accounting standards that are the subject of the FASB DP. Many of the proposed accounting changes are interrelated and dependent on one another; therefore, a single effective date is appropriate. Furthermore, the accounting changes that will result from these pronouncements are so significant that it may be less disruptive from a user-perspective to have a single effective date for all the new accounting pronouncements. However, we are concerned that a single date approach may not be practical. The changes represented by the proposed guidance are so significant that the resources required to implement such significant changes on one single date may not exist. Furthermore, it is unknown what the consequences of such a single date approach might be. If a staggered approach is deemed necessary, we believe that the standards for insurance contracts, financial instruments, revenue recognition and financial statement presentation should be implemented at the same time, as they are interrelated.

We do not believe early application of the standards subject to the FASB DP should be permitted. This could result in companies being pressured to implement the new standards early simply because one or more peers have done so. In order to avoid such a “race to the finish”, we believe the most prudent approach would be to prohibit early application of the standards that are the subject of the FASB DP.

We generally support retrospective application of the standards that are the subject of the FASB DP; however, we recognize that such transition method will result in increased work and cost to the company. In some cases, retrospective application may not be possible without sufficient lead time, e.g. insurance contracts. Therefore, we support a delayed effective date approach that would enable companies enough time to fully install the accounting changes and apply a full retrospective application of the new accounting standards.

We believe it is difficult to estimate the amount of time required to adopt the standards that are subject to this FASB DP. There are numerous areas of certain proposed standards that require clear and more effective guidance, e.g. insurance contracts. In addition, other significant projects, such as financial statement presentation, have been delayed. Any change to U.S. GAAP should allow for sufficient lead time to implement. The changes being proposed in the standards subject to the FASB DP are significant and will require companies to devote substantial resources to make the system and process changes necessary to comply with the proposed standards. In addition, the accounting models being proposed would require significant ongoing resource commitment, at an incremental cost, on a quarterly basis. Significant efforts will also be required to re-educate preparers and users of financial statements, including company management, company boards of directors and investors. Once final standards are issued, a lead time of at least four to five years will be required to ensure proper education and training, changes to information technology systems and related processes, as well as to ensure proper accounting and disclosure for comparative periods.
The items discussed above represent our key comments on the timing of implementation of the proposed standards that are the subject of the FASB DP. While we have provided answers to the questions posed in the FASB DP included in the attached appendix, many of these questions can not yet be effectively answered due to the uncertainty associated with the proposed standards. We urge the FASB to continue its outreach efforts, including additional field testing, to arrive at an appropriate method for implementing the proposed standards that are the subject of the FASB DP. We appreciate the opportunity to express our views on issues related to the FASB DP. If you have any questions regarding our comments please contact me at (484) 583-1430.

Sincerely,

[Signature]

Douglas N. Miller
Vice President and Chief Accounting Officer
Responses to Questions

Q1. Please describe the entity (or the individual) responding to this Discussion Paper. For example:

a. Please indicate whether you are primarily a preparer of financial statements, an auditor, or an investor, creditor, or other user of financial statements (such as a regulator). Please also indicate whether you primarily prepare, use, or audit financial information prepared in accordance with U.S. GAAP, IFRSs, or both.

Lincoln National Corporation ("LNC" or "we") is a holding company which operates multiple insurance and retirement businesses in the United States through subsidiary companies. Through our business segments we sell a wide range of insurance, wealth protection, accumulation and retirement income products and solutions. As of September 30, 2010 we had consolidated assets of $190.5 billion.

As such, we are primarily a preparer of financial statements. We primarily prepare financial statements in accordance with U.S. GAAP. In addition, our insurance subsidiaries prepare financial statements in accordance with statutory accounting statements as promulgated by their state of domicile.

b. If you are a preparer of financial statements, please describe your primary business or businesses, their size (in terms of the number of employees or other relevant metric), and whether you have securities registered on a securities exchange.

As stated in our response to Q1(a), we are a holding company which operates multiple insurance and retirement businesses in the United States through subsidiary companies. Through our business segments we sell a wide range of insurance, wealth protection, accumulation and retirement income products and solutions. As of September 30, 2010 we had consolidated assets of $190.5 billion. As of December 31, 2009, we had a total of 8,208 employees. In addition, we had a total of 1,331 planners and agents who had active sales contracts with one of our insurance subsidiaries.

We are a public company with securities registered on both the New York and Chicago exchanges. As of November 2, 2010, there were 316,760,578 shares of our common stock outstanding.

c. If you are an auditor, please indicate the size of your firm and whether your practice focuses primarily on public companies, private entities, or both.

We are not an auditor.

d. If you are an investor, creditor, or other user of financial statements, please describe your job function (buy side/sell side/regulator/credit analyst/lending officer), your investment perspective (long, long/short, equity, or fixed income), and the industries or sectors you specialize in, if any.

As a U.S. life insurance company, we are an investor in the financial markets. However, we have responded to the FASB DP as a preparer of financial statements.

e. Please describe the degree to which each of the proposed new standards will likely affect you and the factors driving that effect (for example, preparers of financial
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Appendix

Statements might explain the frequency or materiality of the transactions to their business and investors might explain the significance of the transactions to the particular industries or sectors they follow).

The most significant of the proposed new standards for our business are insurance contracts, financial instruments and financial statement presentation. The standards that result from these projects will significantly change how we measure the largest balances on our financial statements, the pattern of profit emergence related to our business and the manner in which our financial results are presented. To a lesser degree, revenue recognition will impact certain areas of our business.

Leases will require a significant implementation effort and an ongoing system impact and resource commitment, but the financial impact of this standard is not expected to be as significant as the standards noted above.

Q2. Focusing only on those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition, and leases):

a. How much time will you need to learn about each proposal, appropriately train personnel, plan for, and implement or otherwise adapt to each the new standard?

It is difficult to estimate the amount of time required to adopt to the proposed requirements because there are numerous areas of the proposed guidance that require clear and more effective guidance. Any change to U.S. GAAP should allow for sufficient lead time to implement. The changes being proposed in the standards subject to the FASB DP are significant and will require companies to devote substantial resources to make the system and process changes necessary to comply with the proposed standards. In addition, the accounting model being proposed would require significant ongoing resource commitment, at an incremental cost, on a quarterly basis. Significant efforts will also be required to re-educate preparers and users of financial statements, including company management, company boards of directors and investors. Once final standards are issued, a lead time of at least four to five years will be required to ensure proper education and training, changes to information technology systems and related processes, as well as to ensure proper accounting and disclosure for comparative periods.

b. What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?

We expect to incur both one-time costs and ongoing costs in planning for and adopting the new requirements. We also expect to incur costs to attract the necessary resources to assist with the implementation of these significant new accounting pronouncements, while the current financial reporting processes are maintained. The following represent examples of the costs that we expect to incur. A complete picture of the costs can not be estimated at this time due to the uncertainties associated with the proposed standards.

Examples of one-time costs of adopting the guidance proposed in the FASB DP include, but are not limited to:
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1. Costs to attract and retain resources to implement the proposed accounting guidance, including consulting costs and employee related costs.
2. Costs to upgrade valuation systems to perform additional volume of transactions required under the proposed measurement model in the insurance contracts standard.
3. Costs to modify the financial reporting systems.
4. System costs related to maintaining the data required for disclosure.
5. Costs to upgrade and/or supplement current staffing models.

Examples of ongoing costs related to the maintenance of the guidance proposed in the FASB DP include, but are not limited to:
1. Costs to upgrade and/or supplement current staffing models.
2. Costs to maintain the valuation and reporting systems under the new accounting models.
3. System costs related to maintaining additional data required for disclosure.

Q3. Do you foresee other effects on the broader financial reporting system arising from these new standards? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?

Our insurance subsidiaries prepare financial statements in accordance with statutory accounting statements as promulgated by their state of domicile. As a matter of policy, the National Association of Insurance Commissioners (“NAIC”) analyzes each new U.S. GAAP accounting pronouncement for incorporation into statutory accounting. Therefore, statutory accounting statements could be impacted with the proposed changes to U.S. GAAP.

It is unclear how tax accounting and reporting will be impacted by the changing accounting standards. For the life insurance industry, statutory accounting statements are used as the starting point for tax return reporting. However, as the NAIC analyzes each new U.S. GAAP accounting pronouncement for incorporation into statutory accounting, tax accounting and reporting could ultimately be impacted.

The Securities and Exchange Commission (“SEC”) may need to change regulations to adapt to the new standards, e.g. financial statement presentation changes may require the SEC to modify its regulations to incorporate the new format of financial statements. In addition, the SEC may issue new guidance to react to changes in U.S. GAAP disclosure requirements.

Q4. In the context of a broad implementation plan covering all the new requirements, do you agree with the transition method as proposed for each project? If not, what changes would you recommend and why? In particular, please explain the primary advantages of your recommended changes and their affect on the cost of adapting to the new reporting requirements.

We generally support retrospective application of the new standards; however, we recognize that such transition method will result in increased work and cost. In some cases, retrospective application may not be possible without sufficient lead time, e.g. insurance contracts. Therefore, we generally favor a delayed effective date of such standards, e.g. insurance contracts, to install the new accounting pronouncements and allow sufficient time through the effective date for retrospective transition.
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Q5. In thinking about an overall implementation plan covering all of the standards that are the subject of this Discussion Paper:

a. Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your preferred approach minimize the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimizing disruption, or other synergistic benefits).

Theoretically we prefer the single date approach. Many of the proposed accounting changes are interrelated and dependent on one another; therefore, a single effective date is appropriate. Furthermore, the accounting changes that will result from these pronouncements are so significant that it may be least disruptive from a user-perspective to have a single effective date for all the new accounting pronouncements. However, we are concerned that a single date approach may not be practical. The changes represented by the proposed guidance are so significant that the resources required to implement such significant changes on one single date may not exist. Furthermore, it is unknown what the consequences of such a single date approach might be.

b. Under a single date approach, what should the mandatory effective date be and why?

Due to the historical reporting requirements that would require retroactive application of the accounting standards and based on the complexity of the standards being implemented, we believe that a 1-2 year lead time to the earliest comparative period presented is required. Therefore, under a single date approach, at least a 4-5 year lead time from the date the final guidance for the last standard is issued will be required.

c. Under the sequential approach, how should the new standards be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new standards.

If a sequential approach is deemed necessary, the insurance contracts, financial instruments, revenue recognition and financial statement presentation standards should be implemented at the same time, as they are interrelated. To implement these standards on a single effective date will be a significant undertaking for us and other companies in the life insurance industry. We are concerned about the availability of resources required to implement these standards on a single effective date.

Leases will require a significant implementation effort; however, this standard is not dependent on other standards. In this case, it could be implemented on a different date.

The financial statement presentation project will result in significant changes to the financial reporting framework and will change how our financial statements look. This change will require significant education effort for preparers and users; therefore, significant lead time will be required. If the effective date of the financial presentation standard succeeds the other standards, then clarification is required
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for the presentation changes that are proposed in individual standards, e.g., insurance contracts.

d. Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.

Additional consideration must be given to potential new pronouncements that are issued and/or will become effective between the issuance of the final standards and the effective dates. This could be a significant period of time in which resources are fully engaged in the implementation of significant changes to the accounting and reporting framework. Any incremental changes to accounting and reporting during that time period will be very difficult, if not impossible, to implement e.g. Accounting Standards Update No. 2010-26, “Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts” (“ASU 2010-26”), which clarifies the types of costs incurred by an insurance entity that can be capitalized in the acquisition of insurance contracts. The FASB should consider whether a moratorium on new standards is appropriate during this time.

Q6. Should the Board give companies the option of adopting some or all of the new standards before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?

We do not believe early application of the standards subject to the FASB DP should be permitted. This could result in companies being pressured to implement the new standards early simply because one or more peers have done so. In order to avoid such a “race to the finish”, we believe the most prudent approach would be to not permit early application of the standards that are the subject of the FASB DP.

Q7. For which standards, if any, should the Board provide particular types of entities a delayed effective date? How long should such a delay be and to which entities should it apply? What would be the primary advantages and disadvantages of the delay to each class of stakeholders (financial statement preparers, financial statement users, and auditors)? Should companies eligible for a delayed effective date have the option of adopting the requirements as of an earlier date?

We have no comment.

Q8. Should the FASB and IASB require the same effective dates and transition methods for their comparable standards? Why or why not?

We believe the FASB and IASB should require the same effective dates and transition methods for their comparable standards. However, we recognize that may not be possible in instances where the FASB and the IASB are not on the exact same timeline for issuing their accounting standards. Any change to existing U.S. GAAP should result in an improvement to the reliability and understandability of financial statements rather than resulting solely from a desire to converge with IFRS.

We are concerned with the aggressive time table that the IASB has established, which will result in the issuance of final guidance related to many of the projects that are the subject of the FASB DP prior to June 2011. We believe that sufficient lead time and due process is
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required to ensure the establishment of high-quality accounting standards. We urge the FASB to work with the IASB toward a single set of high-quality financial statements, but not at the expense of the U.S. GAAP accounting framework that has been in effect for many years.

Q9. How does the Foundation's ongoing evaluation of standards setting for private companies affect your views on the questions raised in this Discussion Paper?

We have no comment.