

Sagemark Consulting

a division of Lincoln Financial Advisors Corp.

Financial Planning Disclosure Brochure

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This brochure has been prepared for prospective financial planning clients of Sagemark Consulting, a division of Lincoln Financial Advisors Corp., in accordance with the rules of the Securities and Exchange Commission. It includes the background of Lincoln Financial Advisors Corp. as an investment advisor and discusses its role as a broker-dealer and the role of its affiliates as issuers of insurance and investment products. It addresses the potential for conflict in these multiple roles and how this potential for conflict is dealt with from the viewpoint of the financial planning client. Finally, it provides information about personnel of Lincoln Financial Advisors Corp. who have responsibility for financial planning services and, more specifically, about personnel of the Sagemark Consulting division.

Who We Are

Sagemark Consulting is a division providing investment advisory services through Lincoln Financial Advisors Corp., a registered investment advisor. Lincoln Financial Advisors Corp. is an investment advisor registered with the Securities and Exchange Commission, and a broker-dealer, registered with the National Association of Securities Dealers, Inc. and appropriate state securities authorities. Lincoln Financial Advisors Corp., an affiliate of Lincoln National Life Insurance Company, is wholly owned by Lincoln National Corporation (NYSE- LNC), whose corporate headquarters are located in Philadelphia, PA. Lincoln Financial Group is the marketing name for Lincoln National Corp. and its affiliates.

The advisory representatives of Lincoln Financial Advisors Corp. are legally qualified by federal and state regulatory authorities to provide financial planning and to offer asset management programs. In addition, advisory representatives are also registered representatives of Lincoln Financial Advisors Corp., a broker-dealer, and are qualified to sell certain investment and insurance products. In terms of general hiring standards, new advisory personnel have college degrees and, in some instances, advanced degrees in law, business or finance. They usually have prior professional or business backgrounds. In addition, Sagemark Consulting has access to staff design attorneys and accountants to assist in legal and financial analysis and in the preparation of financial plans.

Financial Planning Services

The Sagemark Consulting division provides financial planning advisory services to an affluent clientele comprised primarily of owners of closely held businesses, senior corporate executives, and professionals. Planning is focused on specific areas and based upon each client's individual financial situation and personal objectives. The degree of detail and sophistication of the financial planning services provided varies according to the individual client's circumstances. Each client is provided with a written summary of the work undertaken. The specific areas covered include one or more of the following:

ESTATE PLANNING: This includes advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques. It involves a discussion of gifting, trusts, wills, etc., and the disposition of business interests. Tax consequences and their implications are identified and evaluated.

RETIREMENT PLANNING: This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate allocation and distribution of assets following retirement. Tax consequences and their implications are identified and evaluated.

INVESTMENT PLANNING: This includes advice with respect to asset allocation and investment income accumulation techniques. Evaluations are made of existing investments in terms of their economic and tax characteristics as well as their suitability for meeting client objectives. Tax consequences and their implications are identified and evaluated.

BUSINESS SUCCESSION PLANNING: This includes advice with respect to alternatives and strategies that deal with the continuity or disposition of the business upon the business owner's retirement, death, disability, or decision to sell. Tax consequences and their implications are identified and evaluated.

Fees charged are based on the specific planning services to be provided to the client, the client's income and net worth, and the complexity of the client's financial situation and goals. A fixed fee is specified within the financial planning contract. However, because situations affecting the planning process may change, fees may be re-negotiated and adjusted with the client's consent. The client may terminate the contract without penalty within five (5) business days after its effective date. In addition, representatives may provide financial planning services on a consultative basis. They will charge for these services on an hourly basis.

The Sagemark Consulting division also provides limited financial planning services to corporate clients with regard to nonqualified benefit planning. Such plans are summarized for the client in a written document delivered to the client which reflects the client's current situation and an analysis of alternative ways to accomplish the corporation's 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 employer. Fees charged for these financial planning services are based on the complexity of the analysis required.

Financial information and goals are obtained from both individual and corporate clients after entering into the financial planning contract. This information is then reviewed and evaluated. Based on this evaluation, specific financial planning recommendations are delivered to the client. All such recommendations are normally reviewed by a Regional Chief Executive Officer, or his or her designee, prior to delivery.

After the first anniversary of their initial contract, clients may wish or the representatives may suggest that their contracts be renewed for updating their financial plans, in whole or in part. If a client chooses to renew his or her contract, current financial information relevant to the planning areas agreed to is obtained and evaluated. The client may elect to have a written summary prepared or to have the representative provide continuous advisory services.

Implementation of Product Recommendations in the Financial Plan

In addition to creating financial plans for clients, representatives offer insurance and investment products issued or managed by other Lincoln affiliates, as well as insurance and investment products of unaffiliated firms. To minimize the potential for conflict between these roles, the financial plan created by the representative contains only generic product recommendations as to general types of insurance and investment products that are appropriate to the client's financial situation. In the financial planning process, the representative does not make recommendations with respect to the purchase of specific insurance or investment products.

Clients are in no way obligated to implement their financial plan. In addition, clients who wish to implement their plan are not obligated to do so through a representative of Lincoln Financial Advisors Corp.

If clients choose to implement their financial plans through Lincoln Financial Advisors Corp., the representatives will be acting as sellers of investment and insurance products. Clients who make the decision to implement the product recommendations in their financial plan through Lincoln Financial Advisors Corp. and its affiliates (the "Lincoln Companies") will have access to a broad portfolio of insurance and investment products. Insurance products include life insurance, disability and annuity products manufactured by the Lincoln Companies and other quality companies. Investment products available through Lincoln Financial Advisors Corp., in its role as broker-dealer, consist of mutual funds and securities. Investment products accessible through representatives are restricted to those investment products approved for sale by Lincoln Financial Advisors Corp., which assumes no discretionary authority over client accounts. All securities transactions for a client account are executed on the specific direction of the client. In addition, Lincoln Financial Advisors Corp., in its role as investment advisor, also offers asset management and wrap-fee programs.

If any of the Lincoln Companies acts as an issuer, underwriter, distributor or advisor with respect to a product or program sold to clients, Lincoln Financial Advisors Corp. earns compensation from such sale. In addition, these products and programs contain charges and commissions payable to the representatives involved.

Other Financial Planning Services

Representatives occasionally present seminars focusing on various areas of financial planning to groups of employees, associates, and other organized groups, on a negotiated fee basis. Representatives also contract with businesses and associations to provide financial planning services to their executives, partners, and/or directors.

Marketing Arrangements

Clients are obtained primarily through the efforts of advisory representatives and referrals from other clients and advisors. However, Sagemark Consulting also has arrangements to pay a cash referral fee (royalty) for the use of the name of unrelated entities for referring financial planning clients.

Our People

The principal executive officers of Lincoln Financial Advisors Corp. are:

Richard Charles Boyles, Second Vice President and Controller, born in 1960, received a B.S. in Accounting from Ball State University in 1982. He is a licensed CPA and has been with Lincoln Financial Corporation and affiliated companies since 1986, joining Lincoln Financial Advisors Corp. in 1992. He is the Financial and Operations Principal of Lincoln Financial Advisors Corp.

Jeffrey Curtis Carleton*, **Vice President of Sales and Marketing**, born in 1957, is a graduate of Shippensburg State University, Pennsylvania, with a B.A. in Political Science. He received his MBA from the University of Colorado in 1996. He also holds the CLU, ChFC professional designations from the American College in Bryn Mawr, Pennsylvania. He joined Lincoln Financial Advisors Corp. in 1991 and has served in the capacity of Regional CEO for both the Colorado-Wyoming and the Indianapolis Offices, before relocating to Hartford, Connecticut where he assumed his current position.

John Michael Hemp, President and Director, born in 1946, is a graduate of Lehigh University with a B.A. in Pre-Law, a Chartered Life Underwriter, and a Chartered Financial Consultant. He joined Lincoln National Life Insurance Company in 1972 and has held numerous management positions with Lincoln. In 1996, he was appointed and continues to serve as President and Director of Lincoln Financial Advisors Corp. Mr. Hemp was appointed President and Director of Sagemark Consulting, Inc. (formerly CIGNA Financial Advisors, Inc.) in January 1998 with Lincoln National Life Insurance Company's acquisition of that entity.

Matthew Edward Lynch, Vice President and Chief Financial Officer, born in 1963, is a graduate of Xavier University, Ohio, where he received his MBA in 1997. He joined Lincoln Financial Advisors Corp. in 1994. Beginning in 1997, he served in the role of strategic advisor, working with the senior management of Lincoln Financial Advisors Corp. in the management of field operations. He assumed his current position in 1999.

Michael Edward McMath, Senior Vice President and Director, born in 1950, is a graduate of The College of the Holy Cross. He joined Lincoln National Life Insurance Company in 1986. He became Senior Vice President in charge of the company's Pension Division in 1989 and Executive Director of Sales and Marketing of the company's United Kingdom operations in 1994. He returned to the United States in 1998 to assume his current position.

Susan Joann Scanlon, Second Vice President and Chief Compliance Officer, born in 1956, is a graduate of Houghton College and the University of Connecticut's School of Law. Sue has held numerous management positions with CIGNA Financial Advisors, Inc. prior to its acquisition by Lincoln National Life Insurance Company, including CIGNA's Individual Insurance's Chief Compliance Officer, Securities Compliance Officer and a member of the Task Force that developed fee based financial planning. She was appointed Chief Compliance Officer of Lincoln Financial Advisors Corp. in 1998.

* Mr. Carleton has supervisory responsibility generally as to investment advice to be given to clients.

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