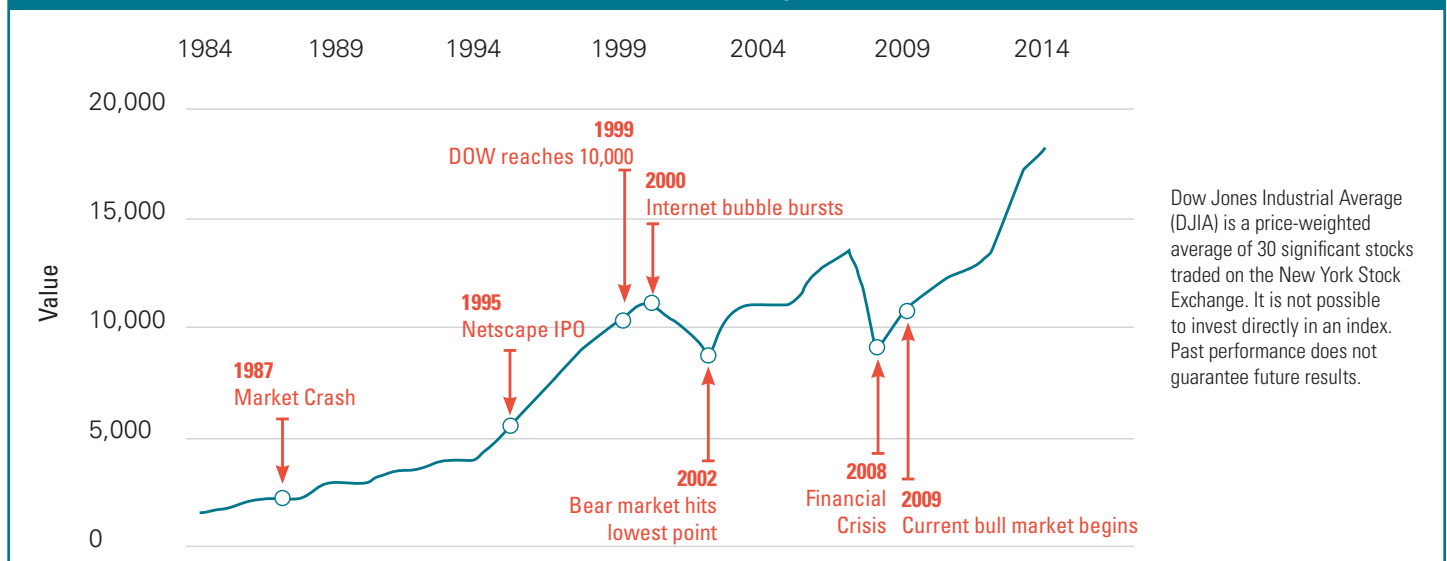


## Rethinking Retirement Risk

Looking beyond today's market volatility to a confident retirement is the key to a satisfying future.

For aging baby boomers, the cruel math of major losses dictates that retirees who are over-exposed to equity risk may not live long enough to recoup their assets following a prolonged price decline. As this illustration of the Dow Jones Industrial Average shows, since 1984 there have been seven major sell-offs in nearly 30 years.

### Volatile Combination: Markets, Boomers and Life Expectancies



Source: Morningstar 2015

It's no wonder, then, as baby boomers explore their options for retirement savings, they are turning toward the predictability of strategies that let them grow their assets today to guarantee the income they need tomorrow.

LIMRA Secure Retirement Institute noted that most Americans are concerned about having enough money to last their lifetime and still remain financially independent. The Institute added that there will be 82 million retirees by 2040 and many will need to get more than 40% of their retirement income from their savings.<sup>1</sup>

That means a substantial number of retirees will require some portion of their assets to provide income that is guaranteed and not subject market risk.

## Toward a Confident, Risk-Managed Retirement

As fewer baby boomers count on the traditional assurance of an employer-sponsored pension plan, they increasingly find themselves crafting their own retirement strategy—one that will provide them with a source of income that will last a lifetime.

Conventional Savings and Investment Vehicles Have Conventional Trade-Offs		
	Bank	Securities Market
	CDs, Savings, Money Market	Bonds, Stocks, Mutual Funds
<b>Benefits, Depending on Vehicle</b>	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Liquidity</li> </ul>	<ul style="list-style-type: none"> <li>• Yields</li> <li>• Total Return Potential</li> <li>• Growth Potential</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Longevity risk may be too high over the long-term from a retirement perspective.</li> <li>• While a retirement could last 20-to-30 years or more, low-yielding accounts may not provide sufficient accumulation to provide a lifetime of income.</li> </ul>	<ul style="list-style-type: none"> <li>• Market volatility can put exceptional downward pressure on security prices, hampering long-term retirement strategies.</li> <li>• Rising yields can lower bond prices and return.</li> </ul>

<sup>1</sup> LIMRA Secure Retirement Institute <https://www.treasury.gov/initiatives/fio/Documents/LIMRA8.6.15.pdf>



## Searching for a Complement

With only 22% of American workers termed “very confident” that they will have enough money to live comfortably through their retirement, according to a National Association for Fixed Annuities (NAFA) survey, there is a clear need for advice and products that can generate guaranteed lifetime income.<sup>2</sup> Introduced to the retirement market just over 20 years ago, the fixed index annuity (FIA) concept seems destined to assume a complementary role in future retirement portfolios. For investors who are looking for more income with no downside volatility, the FIA may have a lot to offer.

<sup>2</sup> NAFA <https://nafa.com/?s=risk>

# How FIAs Blend with Other Strategies

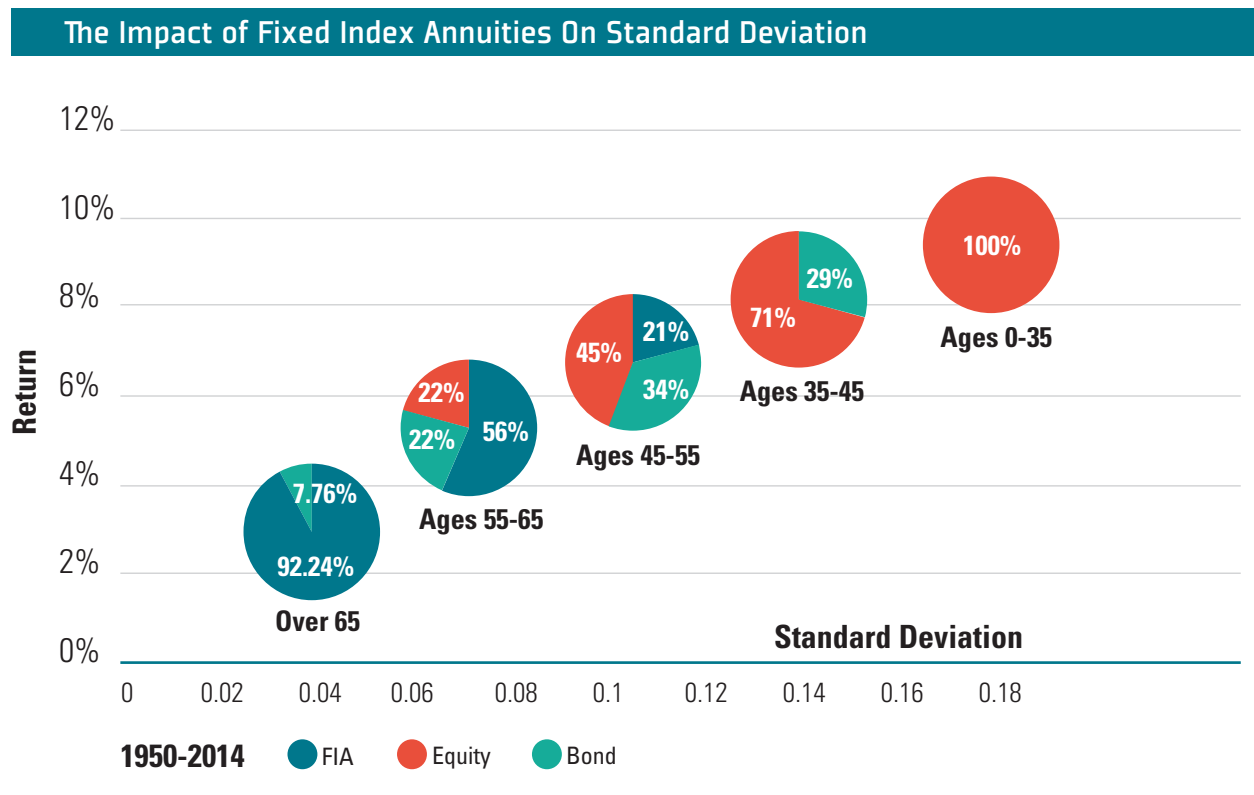
To measure the effects of FIAs in a traditional stock and bond portfolio, Wade Dokken of WealthVest Marketing set out to answer this question, “Can risk-adjusted performance be improved by adding equity-linked fixed-income alternatives, such as fixed-index annuities, to portfolios?”

After evaluating the risk-adjusted returns from different combinations of stocks, bonds and FIAs, Dokken published his results in *FA Magazine*.<sup>3</sup>

“One of our key findings,” he said, “was that investors who want to avoid losses in the years immediately before retirement or during retirement may be able to reduce overall portfolio risk and optimize performance by adding fixed annuities to their portfolios.”

The risk-reduction potential of FIAs was also profiled recently in NAFAs white paper, *Fixed Annuities Complement Investment Planning*, where the author noted: “An investment portfolio can create a desired income and provide the potential for value and income growth over time. However, without an insurance portfolio, the investment-only portfolio creates uncertainty and troubling variability for clients.”<sup>4</sup>

## FIAs Can Play a Valuable Complementary Role in Portfolio Construction: Dokken



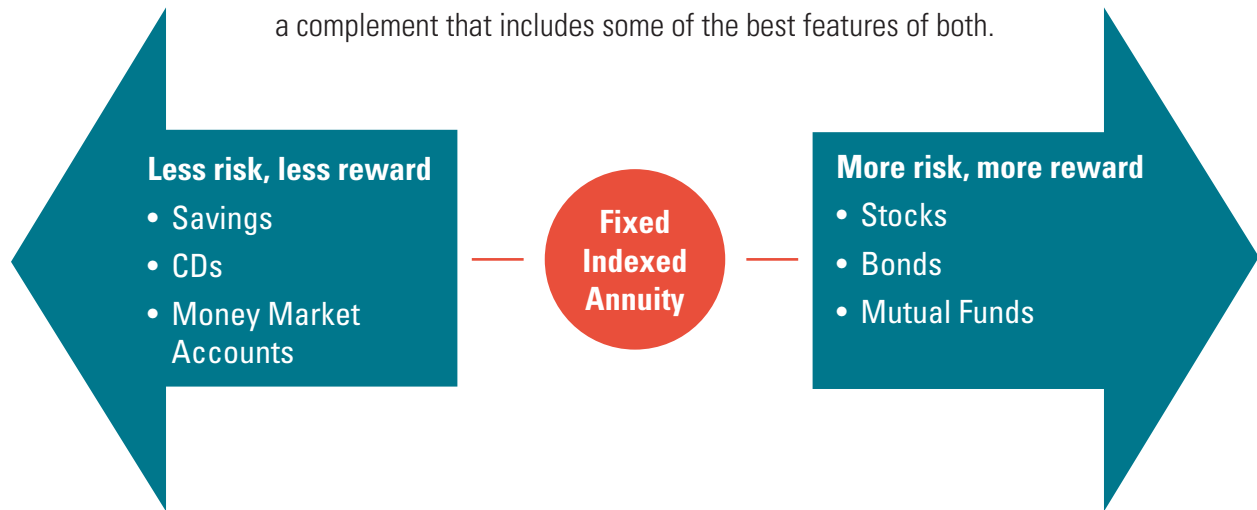
Source: WealthVest

<sup>3</sup> <http://www.fa-mag.com/news/fixed-index-annuities-and-rising-interest-rates-25342.html?section=47>

<sup>4</sup> [http://nafa.com/wp/wp-content/uploads/2011/08/Articles\\_FixedAnnuitiesComplementInvestmentPlanning.pdf](http://nafa.com/wp/wp-content/uploads/2011/08/Articles_FixedAnnuitiesComplementInvestmentPlanning.pdf)

## Finding Balance

While most retirement strategies seek a balance between the security of banks and the growth prospects of the market, an FIA can offer a complement that includes some of the best features of both.



## Preparing for Tomorrow by Managing Risk Today

In contrast to market-driven products like mutual funds, the FIA concept insulates the annuity owner from the risk of loss due to market downturns. Depending on your needs and risk tolerance, a financial professional can help you develop a strategy to grow your assets to provide for your future income needs. This professional can help you secure a sustainable retirement lifestyle strategy by reviewing the advantages of FIAs, as well as other choices like stocks and bonds, exchange-traded funds, mutual funds, real estate investment trusts (REITs) or other products and strategies.

# For the Retirement Dimensions in Your Life: Growth Today for Income Tomorrow

If you are like many individuals nearing or entering retirement, you are looking to achieve two primary goals: Accumulate dollars today and receive dependable income tomorrow.

The journey between those goals, however, may involve unwanted risk exposure unless you have adequate information, expert advice and access to proven strategies. One way of securing a sustainable retirement lifestyle strategy to meet your future needs is through the help of a financial professional with a proven, cornerstone financial product like a fixed index annuity (FIA).

An FIA, in effect, is a contract between you and an insurance company that is designed to help you meet your long-term retirement needs. In exchange for your payment of a purchase payment, the insurance company gives you the opportunity to earn additional interest based on the performance of a market index, and pays you income in the future.

## Is a Fixed Index Annuity Right for You?

**You might be a good candidate for an FIA if you agree with any of these statements:**

“I want a convenient way to receive predictable monthly payments after I retire.”

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“I need to find a way to preserve my retirement principal.”

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“I’m retiring yet still want my money to keep growing while it pays me income.”

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“I’d like a solution that locks in value I can leave to my heirs.”

# Experience Delaware Life Dimensions

Delaware Life Dimensions is designed to help you reach your retirement goals through timely, thoughtful ideas and leading research. This 12-part educational program offers general advice concerning principal preservation, growth and income during retirement. It is not intended as a substitute for a consultation with a qualified financial professional who understands how this information may apply to your specific situation.

## Do You Want to Learn More?

**Ask your financial professional about other topics in the Delaware Life Dimensions Retirement Education Series, including:**

**>3 Thinking of Retirement as a Business** Individuals increasingly are choosing to retire “to” something rather than simply “from” a job. What that shift means to different people at different ages.

**>7 Deferring Taxes to Accelerate Growth** How growing assets on a tax-advantaged basis can accelerate the accumulation process for retirees.

**>11 Guaranteeing Income for Life** How FIAs offer a variety of payout options including choices that allow for guaranteed lifetime income.

## About Delaware Life

We are dedicated to supporting you with valuable, straightforward solutions that help you save today and provide income for tomorrow. Our current product offerings include fixed and fixed index annuities. Delaware Life manages approximately 330,000 annuity, life insurance and corporate market insurance policies representing \$39.3 billion in assets under management and \$13.8 billion of invested assets as of September 30, 2016.

### Contact Your Financial Professional Today to Learn More

Delaware Life Insurance Company is authorized to transact business in all states except New York, as well as in the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

NOT FDIC/NCUA INSURED | MAY LOSE VALUE | NO BANK/CREDIT UNION GUARANTEE | NOT A DEPOSIT  
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

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