



In Search of Retirement Income

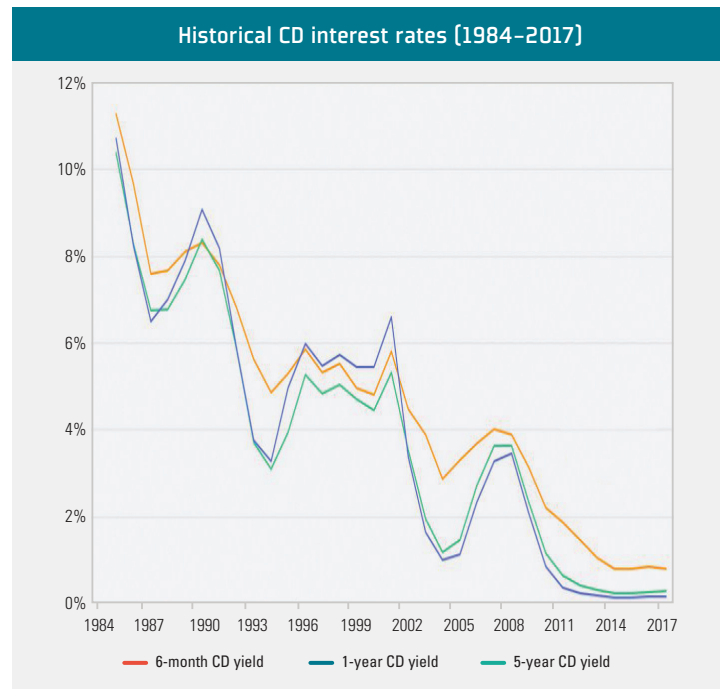
While many individuals create their retirement nest egg during their prime earning years based on long-term growth and accumulation strategies, they gradually switch toward more conservative, income-oriented approaches as retirement day draws closer.

Many will be confronted, however, with the fact that instead of receiving an employment paycheck today, they must transition to some type of retirement “paycheck” tomorrow that is just as dependable.

When Yields Are Not Enough

Ironically, just at the point when record numbers of baby boomers are approaching retirement, the conventional strategy of shifting to yield-oriented strategies appears less effective than ever—due essentially to the record low interest rates available to consumers.

While the chart at right from Bankrate.com's weekly survey on interest rates¹ shows one common measure of yields, CD rates, similar illustrations would show a comparable downward direction for yields on U.S. Treasuries and high-quality bonds.



Waiting for Higher Yields May Come with a High Price: Lost Opportunity

Historically, it might have made sense to wait for yields to trend upward before transitioning to fixed-income solutions that could provide a generally higher yield with at least some assurance that the underlying principal would remain secure.

Waiting for the right moment to develop an income strategy, though, can leave retirement assets at greater risk to the influences of potential portfolio losses. Likewise, a focus on picking the highest-yielding securities may leave investors vulnerable to similar shocks in the bond market.

¹ Bankrate.com <http://www.bankrate.com/finance/cd-rates-history-0112.aspx>

Needed: A Reliable Retirement Paycheck

Crafting a Retirement Portfolio to Meet Today's Income Challenges

For those retirement-minded investors who are looking to generate a sustainable level of income, three fundamental investing principles may offer a way forward:

1

Diversification across select asset classes can potentially optimize income and return outcomes, while helping to preserve a portfolio during market downturns.

2

Flexibility Rather than trying to outperform a specific benchmark, a flexible portfolio strategy can adjust to changing markets in pursuit of achieving specific outcomes: dependable income, guarantees against principal loss and a chance to participate in rising markets. This way, a portfolio can adjust its asset class concentrations to accommodate to the market's shifting risk dynamics.

3

Inflation Hedging To keep up with cost-of-living increases, a retirement portfolio should have the capability to lock in at least some of its gains to generate a higher level of income when needed.

How Fixed Index Annuities May Provide a “Paycheck Replacement” Strategy

Introduced in 1995 by the insurance industry, a fixed index annuity (FIA) pays interest based on the performance of one or more market indexes. Many FIAs offer a number of interest-generating strategies or “buckets” that can help retirees adjust their asset blend periodically to keep up with cost-of-living adjustments and other events.

Bucket 1



Fixed Account

The first bucket might be a fixed-rate account that pays a guaranteed rate for a specified period of time. Amounts allocated to this option would be credited with an interest rate that is current on the date the solution is effective. This is typically a good choice for investors who want to know at the beginning of the year how much interest will be credited to their account.

Bucket 2



Domestic Equities

For investors who want to participate in the performance of the broad U.S. market, another bucket could be linked to the S&P 500® Index, which is widely regarded as a premier benchmark for the domestic stock market.

Bucket 3



International Equities

Investors who want international equity exposure might also want an allocation across a broad array of global equity markets and selected industry sectors.

Bucket 4

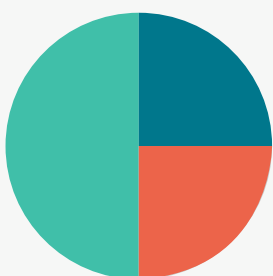


Risk-Managed Momentum

For investors who want exposure to an even wider variety of asset classes beyond equities, other strategies are available. Multi-asset strategies can allocate across equities, gold, interest rates and cash in an effort to outperform fixed-weight portfolios by dynamically allocating more to assets that show upward momentum. A volatility control mechanism in such cases is often used to help manage downside risk, as well.

As Your Retirement Income Needs Evolve, So Can Your FIA

The hypothetical examples below are for illustrative purposes only to show how four income “buckets” could be adjusted over time in accordance with an investor’s changing needs. These examples are not intended to be recommendations or to substitute for a financial professional’s informed advice.



Scenario 1: Growth-Oriented Income

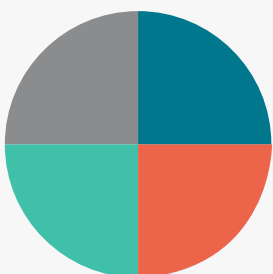
Pre-Retiree, 50 to 59 ½; concerned about “catch-up” strategies

Fixed Account: 0%

Domestic Equities: 25%

International Equities: 25%

Momentum Assets: 50%



Scenario 2: Moderate Income

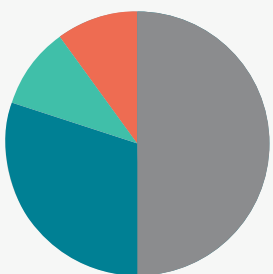
Retiree, 60 to 69; needs to increase flow of income

Fixed Account: 25%

Domestic Equities: 25%

International Equities: 25%

Momentum Assets: 25%



Scenario 3: Optimal Income

Retiree, 60 to 69; needs to increase flow of income

Fixed Account: 50%

Domestic Equities: 30%

International Equities: 10%

Momentum Assets: 10%

Consider Asking Your Financial Professional Today How FIAs Might Help You Pursue
a More Reliable “Retirement Paycheck” in Today’s Low-Yield Environment

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 strategy you and your financial professional may want to consider to secure a sustainable retirement lifestyle is a proven, cornerstone financial product like an 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 an insurance premium, 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.”

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

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

“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. Guarantees are backed by the financial strength and claims-paying ability of the insurance company issuing the annuity.

Do You Want to Learn More?

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

>1 Evaluating Retirement Readiness This self-evaluation tool can help you gauge your planning progress as you prepare for one of life's major events: retirement.

>5 Making Up a Retirement Shortfall Volatility can take a toll on retirement portfolios. Here's a strategy that could help investors and savers pick up the pace of accumulation.

>10 Keeping Up with Rising Costs Even at today's historically lower inflation rates, price increases today can still undercut buying power tomorrow.

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 Insurance Company manages approximately 342,000 in-force annuity and life insurance policies representing \$36.6 billion in assets under management and \$14.1 billion of invested assets as of September 30, 2017.

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