



# How Your Fixed Index Annuity Earns Interest

## FIA Crediting Methods

Plan for your retirement lifestyle

Issued by  
Delaware Life Insurance Company

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# Your FIA Earns Interest Based on the Index You Select

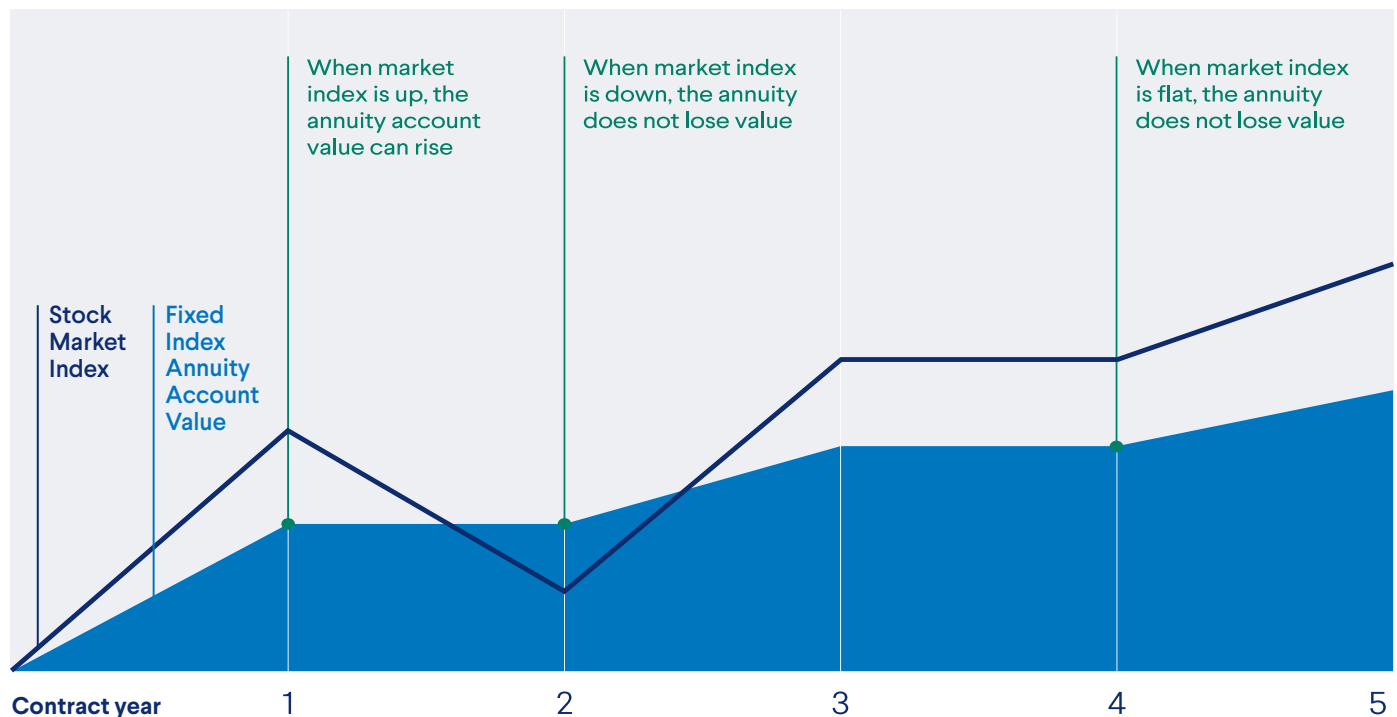
When you purchase a fixed index annuity (FIA), you are buying an insurance contract that promises to:

- protect the money you have paid into the annuity, and
- offer growth potential by crediting your account with an interest rate based on the performance of the market index you select.

It's important to remember that your FIA does not invest directly in securities for potential growth. Instead, it will earn "interest credits" based on the performance of the index that you choose.

- **If the index rises**, the insurance company credits your account with interest that represents a portion of the gain.
- **If the index falls**, you will not receive any interest. But neither will you sustain any loss. Instead, any earnings from the previous year are "locked in" and protected.<sup>1</sup>

So even if the particular market index you choose performs poorly in a given year, your FIA account value will not drop due to that poor return. And any interest credits you earn are permanent, with no chance of being lost in the next market dip.



The chart is a hypothetical representation of fixed index annuity growth under varying market/index conditions and is not meant to represent the performance of any index or FIA.

<sup>1</sup> Both your premium payment and any interest it earns are protected from loss by the claims-paying ability and financial strength of Delaware Life.

# Different Index Choices Use Different Crediting Methods

Each FIA offers a selection of indexes to choose from for crediting interest. And each index, in turn, may use a different method to calculate these interest credits.

There also may be limits on the amount of interest you can receive, based on a cap, participation rate, or spread specified for the index. A variety of time durations—such as 1-year or 2 years—also may be available for different crediting methods.

Please note, it is possible that not all crediting strategies in this brochure have been approved by your financial institution. Please check with your financial professional for more information about the crediting methods available for your contract.

## Four Common Index Crediting Methods

The four most common crediting methods used by Delaware Life to calculate the interest credits for its FIA contracts are:

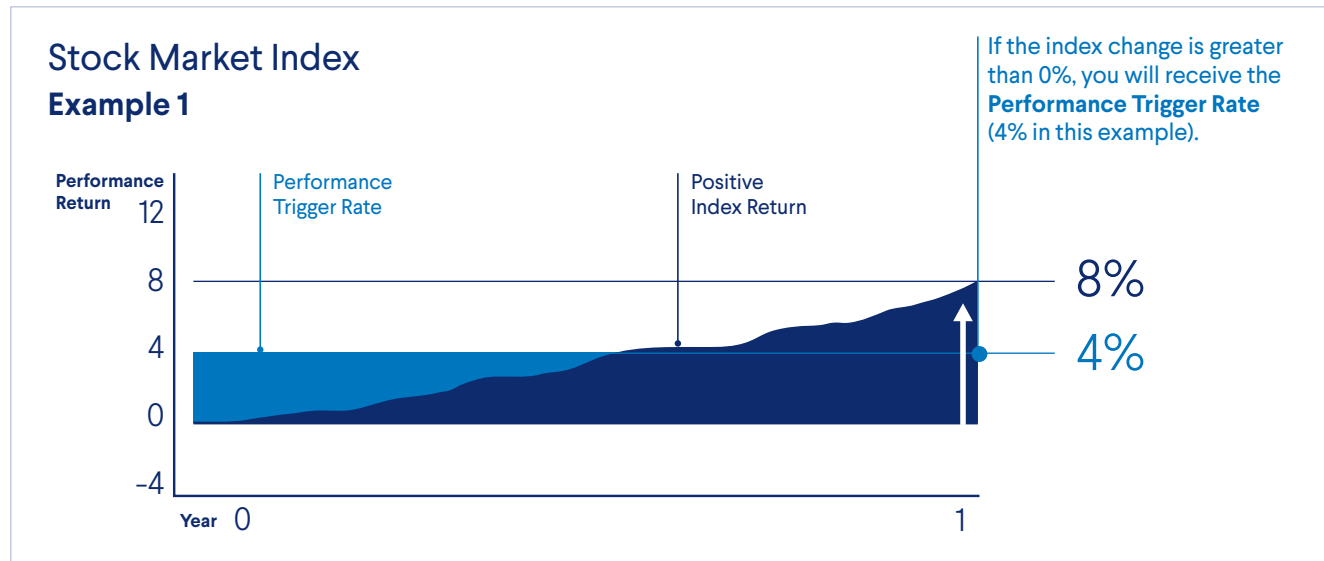
- |          |                                  |          |   |
|----------|----------------------------------|----------|---|
| <b>1</b> | <b>Performance Trigger</b>       | <b>3</b> | <b>Point-to-point with a Participation Rate</b> |
| <b>2</b> | <b>Point-to-point with a Cap</b> | <b>4</b> | <b>Point-to-point with a Spread</b>             |

The cap, participation rate, or spread used to calculate the interest credit will vary, based on your FIA contract. (See *Factors That Affect Your Interest Credit* on page 8 for more on how caps, participation rates, or spreads can affect the interest credit you earn.)

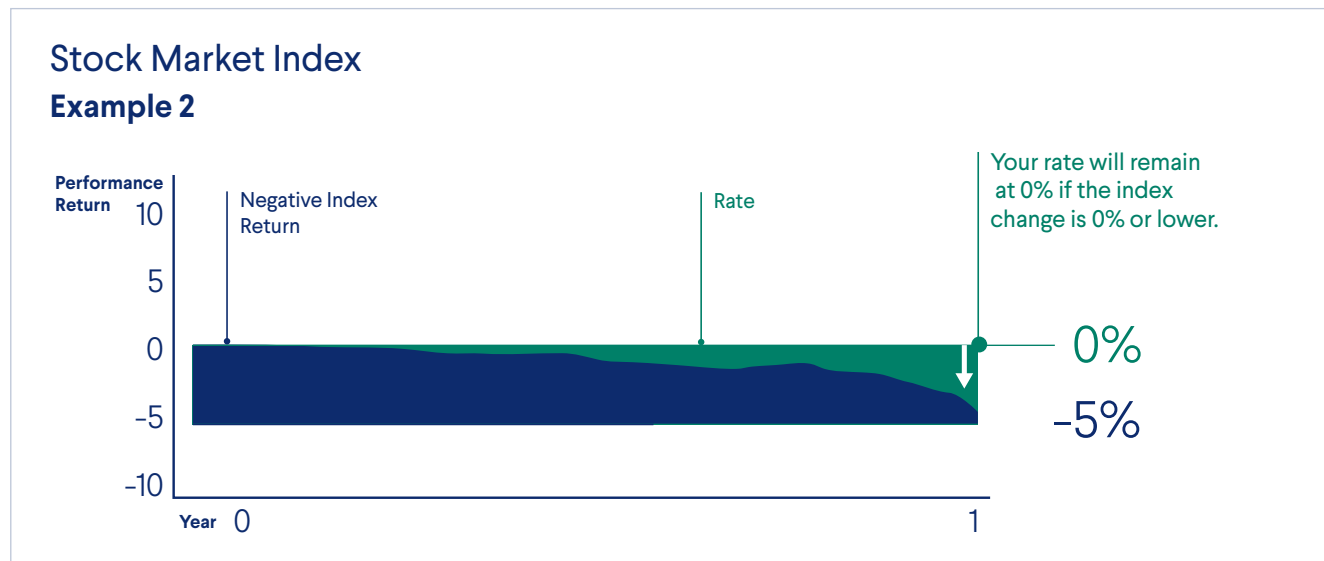
# 1. Performance Trigger

The **performance trigger crediting strategy** measures the change in the index value at two different points in time to determine the gross return. Then,

- If the change in the index is positive, you receive a fixed **Performance Trigger Interest Rate** credit regardless of the level of the index's actual return.



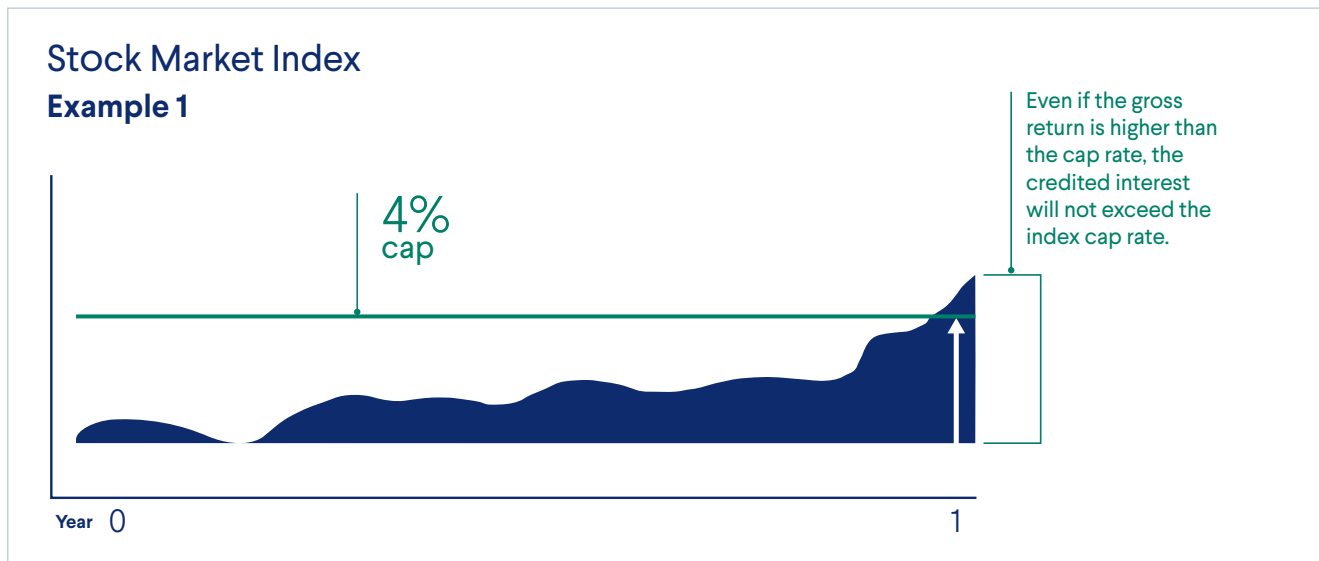
- If the index change is flat or negative, you will not receive any interest rate credit, but **your contract's value will be protected** and will not decrease due to the negative return.



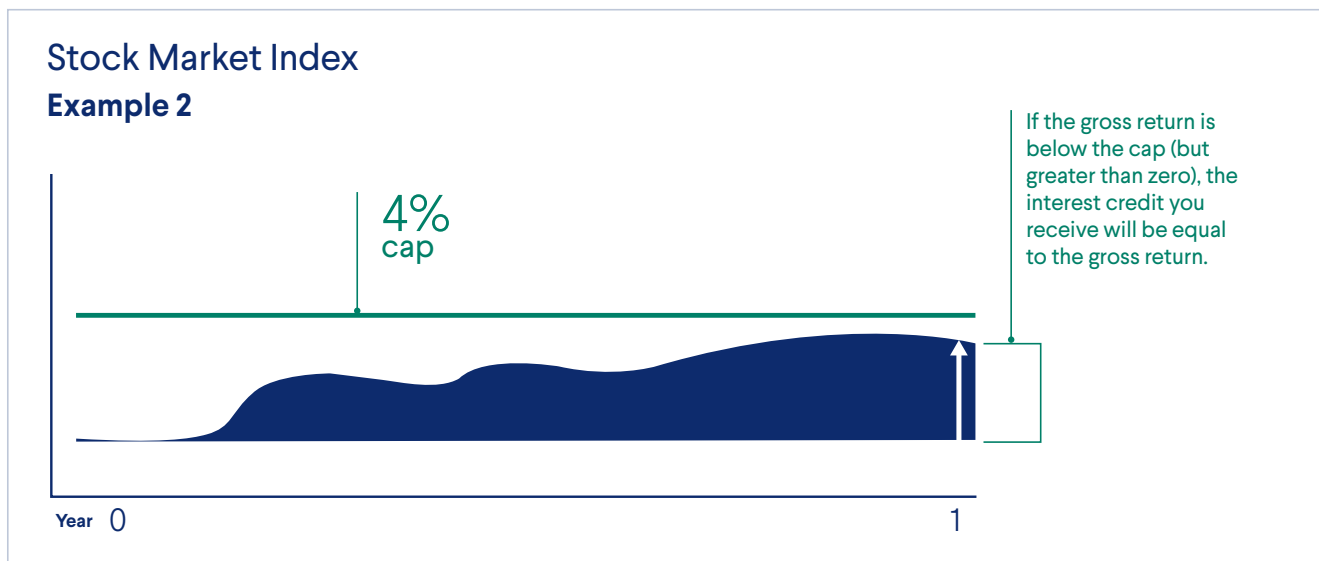
## 2. Point-to-Point with a Cap

The **point-to-point with a cap crediting strategy** measures the change in the index value between a starting “point” date and a finishing “point” date to determine the gross return. Then,

- If the gross return of the index is positive, you will receive an interest **credit up to a specified “cap” rate on the gross return**, as shown in the chart below, using a 4% cap exam



- If the gross return is positive, but *below the cap*, your interest credit will be the value of the gross return.

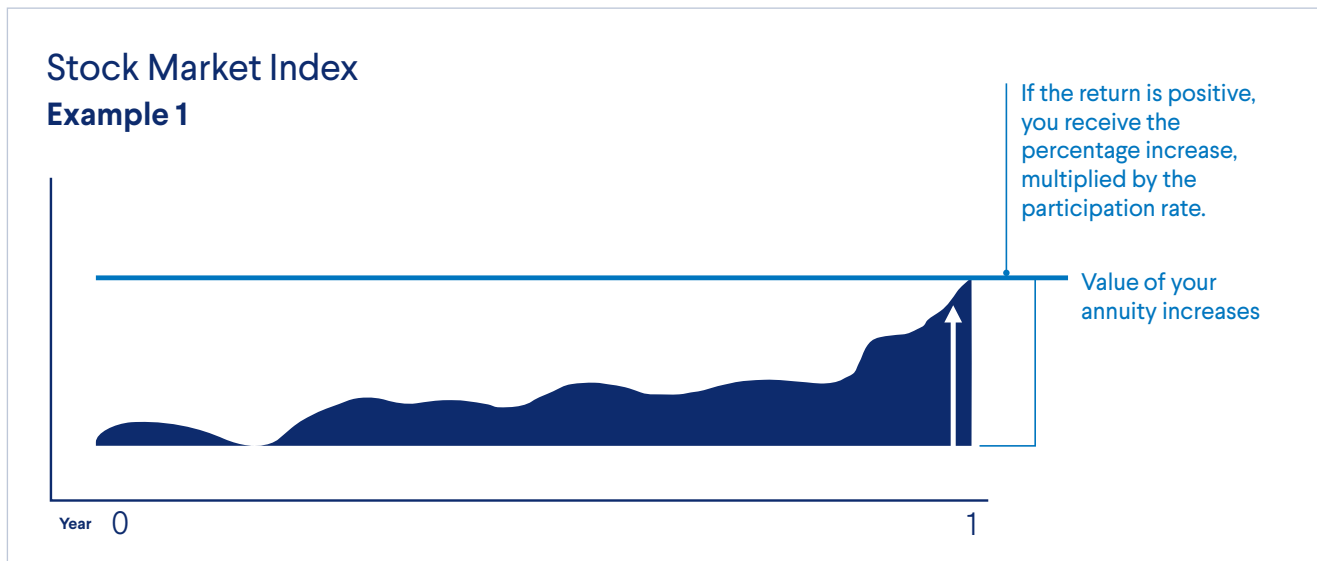


- However, if the gross return is flat or negative, you will not receive an index credit, but **your contract’s value will be protected** and will not decrease due to the negative return.

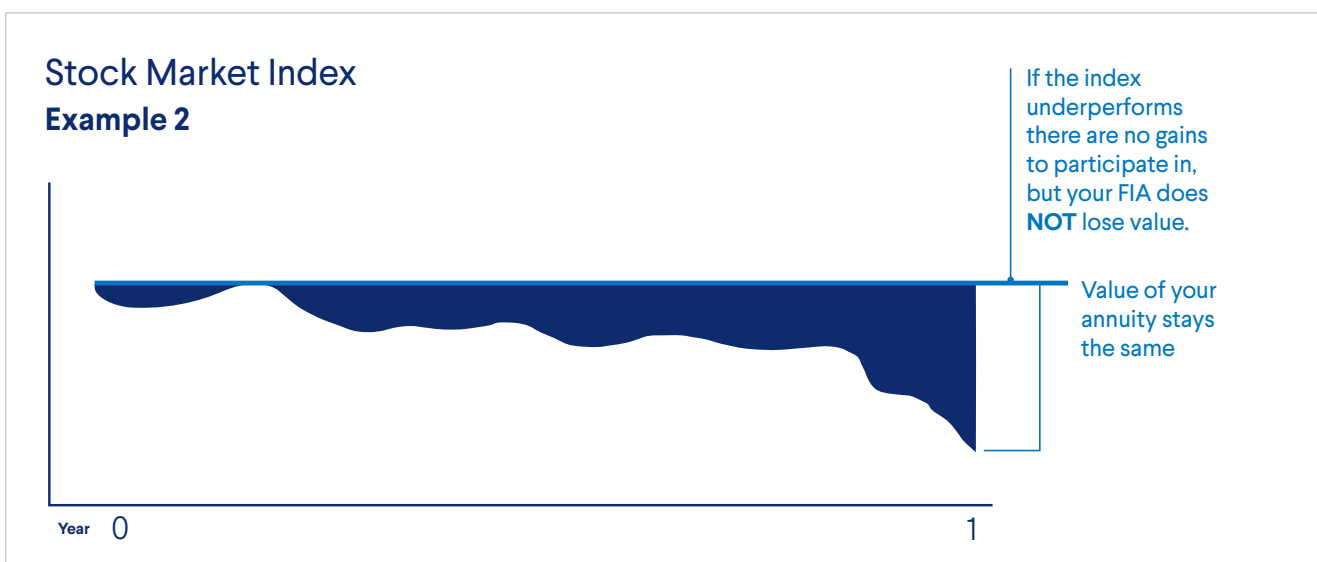
### 3. Point-to-Point with a Participation Rate

The **point-to-point with a participation rate crediting strategy** measures the change in the index value between a starting “point” date and a finishing “point” date to determine the gross return. Then,

- If the percentage change in the index is positive, you will receive an interest **credit that is based on a “participation rate,”** as shown in the chart below.



- If the index’s percentage change is flat or negative, you will not receive an index credit based on your participation rate, but **your contract’s value will be protected** and will not decrease due to the negative return.



For an explanation of how the participation rate affects the calculation of the interest credit, see page 9.

## 4. Point-to-Point with a Spread

The **point-to-point with a spread crediting strategy** measures the change in the index value between a starting “point” date and a finishing “point” date to determine the gross return. Then the annuity subtracts a “spread” or percentage from this return to determine your interest credit. So,

■ If the percentage change in the index is more than the spread, you will receive an interest **credit for the difference between the gross return and the spread.**

■ But if the percentage change is equal to or less than the spread, you won't receive any interest. However, **your contract's value will still be protected** and will not decrease due to any negative performance.

The spread used to calculate the interest credit will be specified in your FIA contract. Please ask your financial representative for the rate sheet that includes the current spread value.



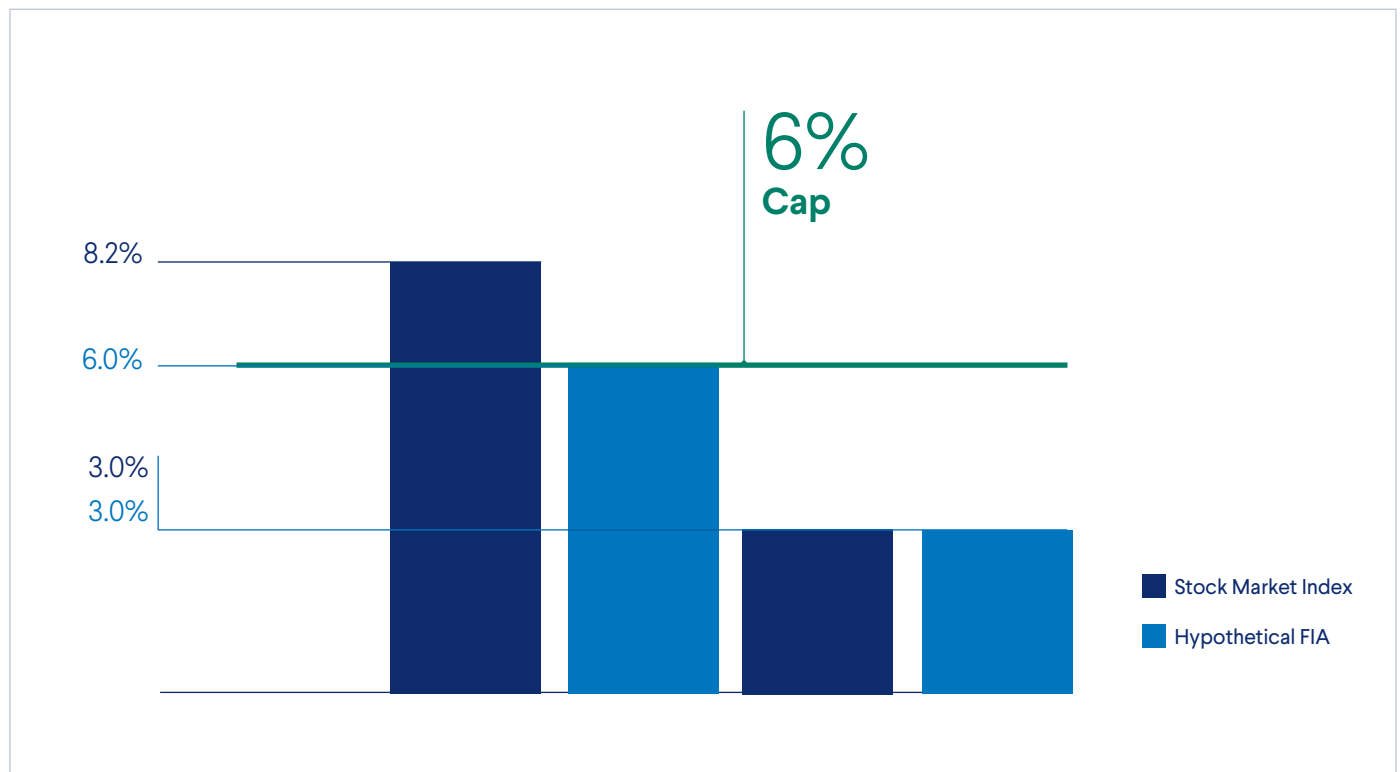
# Factors That Affect Your Interest Credit

When setting the caps, participation rates, and spreads used for its FIA contracts, the experts at Delaware Life take into consideration the cost of providing protection and lifetime income guarantees as well. As a result, these factors are subject to change, and may be raised or lowered based on changes in the economy and financial markets.

## Caps

Many FIA contracts set a cap, or a maximum interest rate the FIA can earn. So, for example, if the index you select returns 8.2% in a given year, and your annuity has a cap rate of 6%, then your interest credit for that time period would be capped at 6%.

The chart below offers a hypothetical illustration of how caps work under varying market/index conditions and is not meant to represent the performance of any index or FIA.



The chart is a hypothetical example of how caps work under varying market/index conditions and is not meant to represent the performance of any index or FIA.



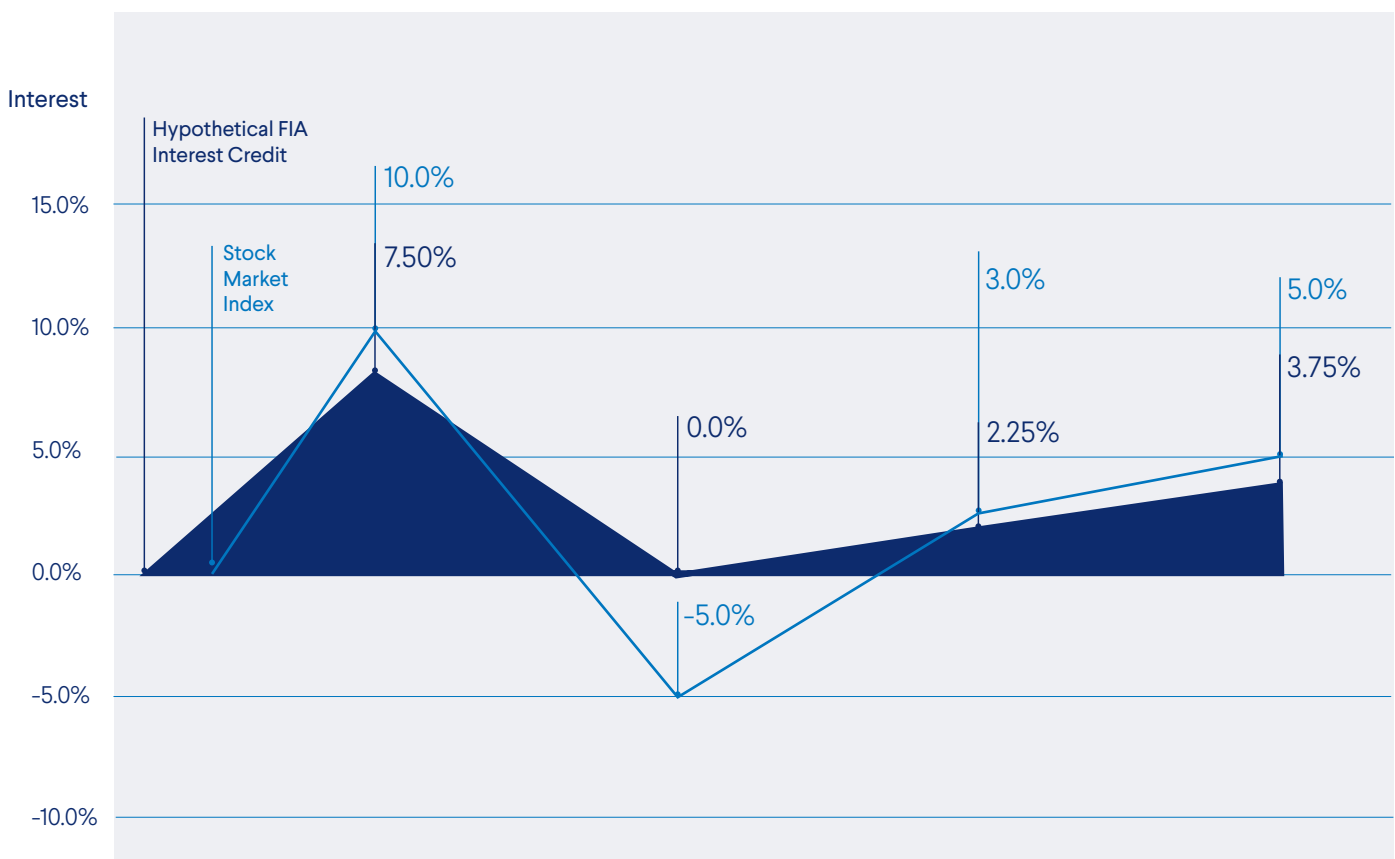
## Participation Rates

If your annuity uses a participation rate, it will credit interest that is a percentage of the gains achieved by the underlying index.

For example, let's suppose that the index you've selected rises by 10%. If your FIA has a 75% participation rate, the contract would receive 7.5% in interest (10% x 75% participation rate). The chart below illustrates how a participation rate works under varying market/index conditions. It is not meant to represent the performance of any index or FIA.

Remember: Even if the index your annuity is tracking shows a negative gain (-5% in the chart below), your interest credit will never fall below zero and the value of your FIA will remain unchanged.

### 75% Participation Rate



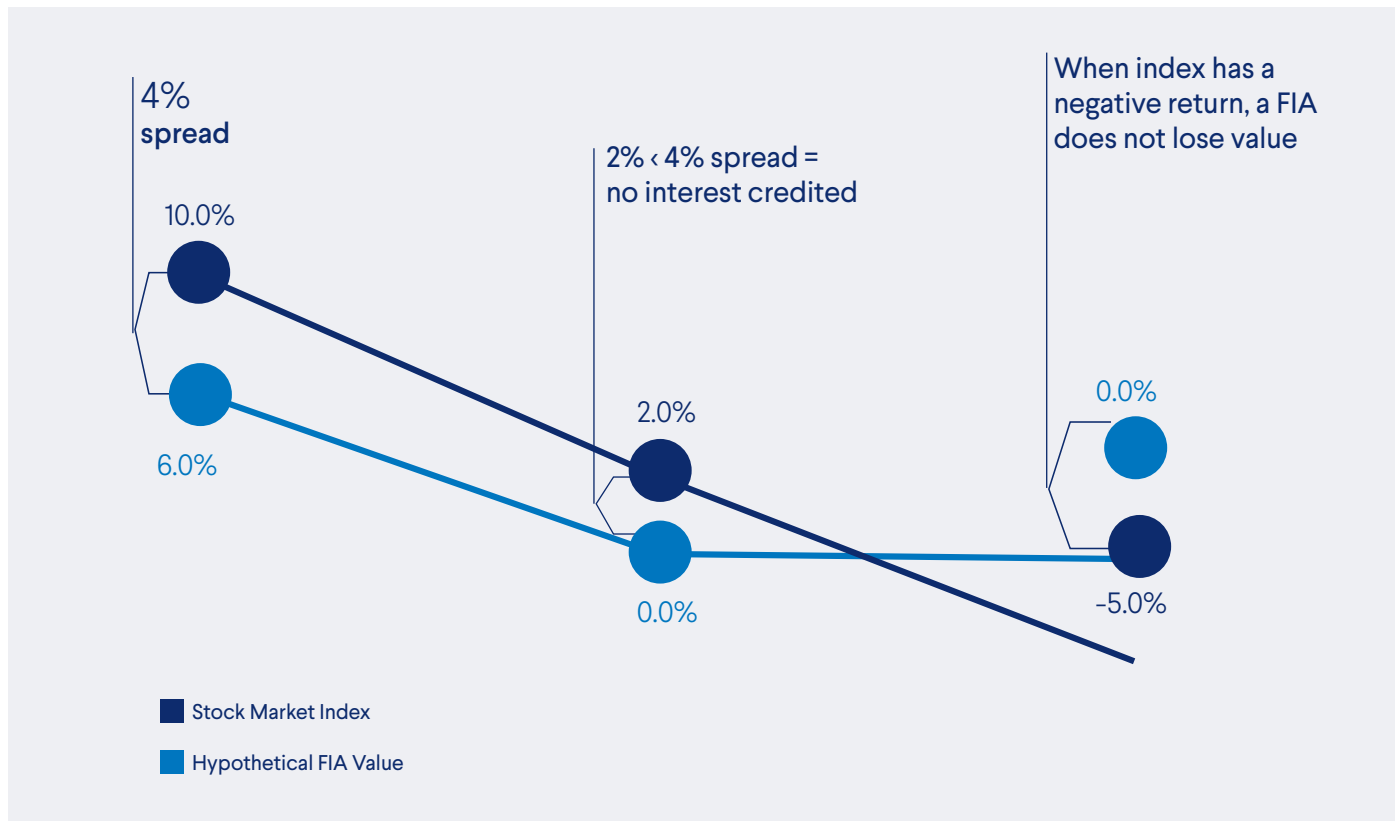
The chart is a hypothetical example of how participation rates work under varying market/index conditions and is not meant to represent the performance of any index or FIA.

## Spreads

Finally, if your annuity uses a spread to calculate the interest credit, the spread (which is a specified percentage) is subtracted from any gain that the underlying index achieves.

Let's say, for example, that the annuity has a spread of 4% and the index increases 10%. In this case, your index interest credit would be 6% (10% - 4% spread). But if the index gains only 2%, you would not get an interest credit because the spread is a negative number (2%-4% spread). In this case, your contract value would remain unchanged.

### 4% Spread



### Learn More

Contact your financial professional today to learn more about the crediting method used for the fixed index annuity you've selected to help boost your retirement savings.

# Focused on What Matters

At Delaware Life Insurance Company, we're focused on what matters: Creating high-performing products and delivering a seamless experience with honesty and efficiency. We've made it our mission to deliver pure value to our clients. We present discerning investors with exactly what they're looking for: the comfort of understanding, the confidence of transparency, the trust in true partnership, the delight of real results.

We build smart solutions using the best brains and technology available and deliver them with clarity and integrity. Annuities are an important part of financial planning, so we work to create products with practical features, transparent pricing, solid returns, and a seamless experience.

Founded in 2013, Delaware Life is a proud member of Group One Thousand One: an ecosystem of businesses making insurance more useful, intuitive, and accessible for everyone. Delaware Life manages approximately 320,000 in-force annuity and life insurance policies representing \$36.4 billion in assets under management and \$14.2 billion of invested assets as of December 31, 2017.

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Service Center: PO Box 758581, Topeka, KS 66675-8581  
Sales Support: 844.DEL.SALE (844.335.7253)  
Customer Service: 877.253.2323

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