

## Even at Today's Low Rates, Inflation Can Erode Buying Power

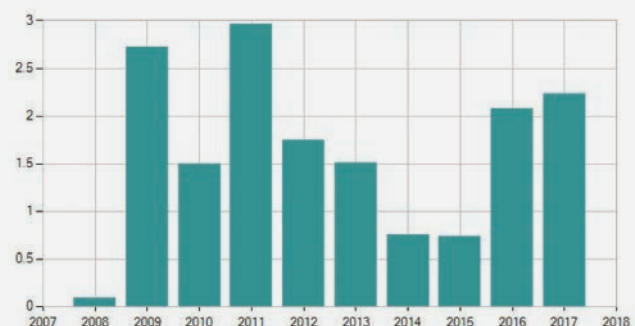
**While moderate inflation may be considered economically healthy because it contributes to higher wages, even a slight increase in the inflation rate can signal a decline in future purchasing power.**

In order to increase real purchasing power, returns must first keep up with the rate of inflation. For example, a 3% rate of inflation, as measured by the Consumer Price Index (CPI), would subtract 1% from an investment earning 2%, producing a negative return (–1%).

According to the Bureau of Labor Statistics (BLS), inflation disproportionately affects older Americans. The reason? Those 62 and up require substantially more products and services from the health care industry, an industry characterized by rapidly escalating costs.

### Rate of Inflation

Yearly from 2008 through October 2017



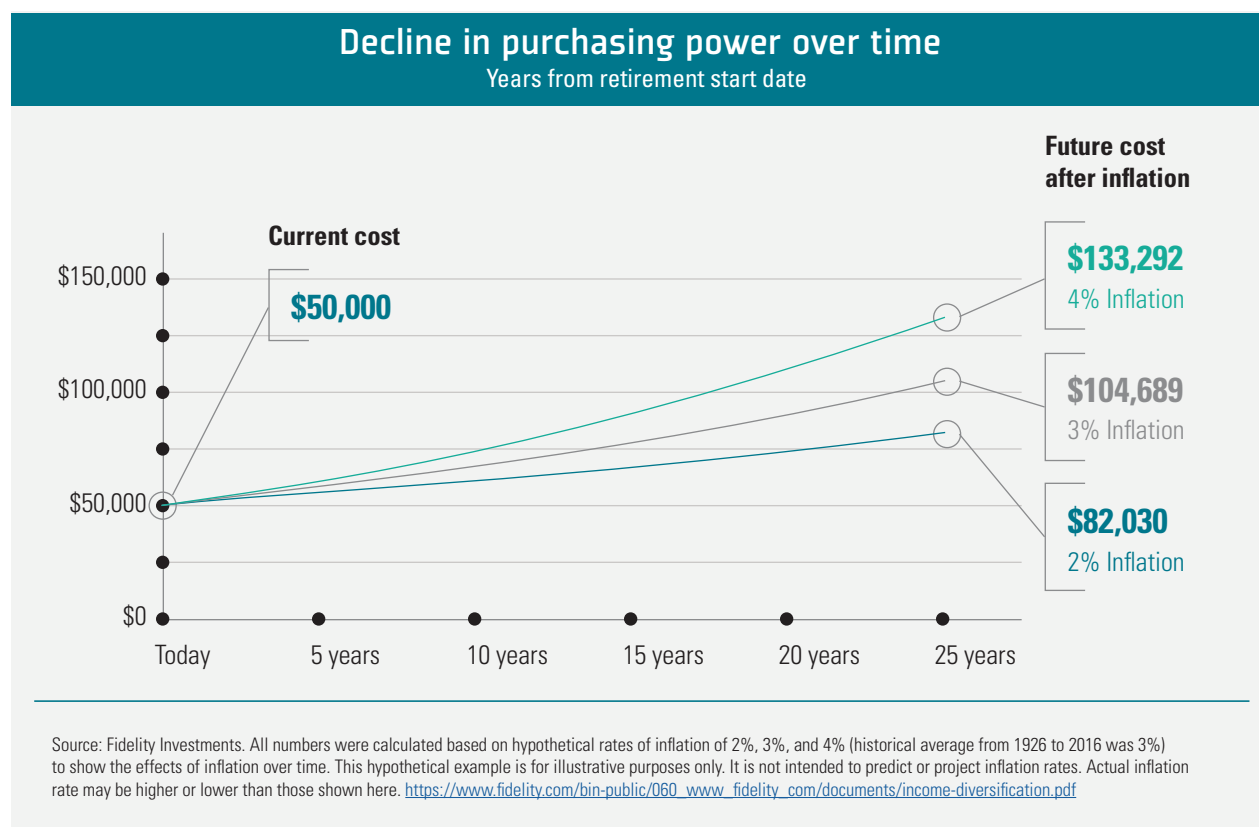
Source: Inflation rate is based on the Consumer Price Index (CPI); [StatBureau.org](https://www.statbureau.org/en/united-states/inflation)  
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# Fighting Inflation

Inflation affects all aspects of the economy; from consumer spending and business investment to employment rates and government spending.

If one's assets aren't growing at a rate at least equal to the rate of inflation, an individual is losing purchasing power.

The chart below illustrates how quickly inflation can erode purchasing power over time.



Over the course of 25 years, an inflation rate of 4%, for example, would require an investment to grow from \$50,000 to \$133,292 to maintain the same level of buying power.

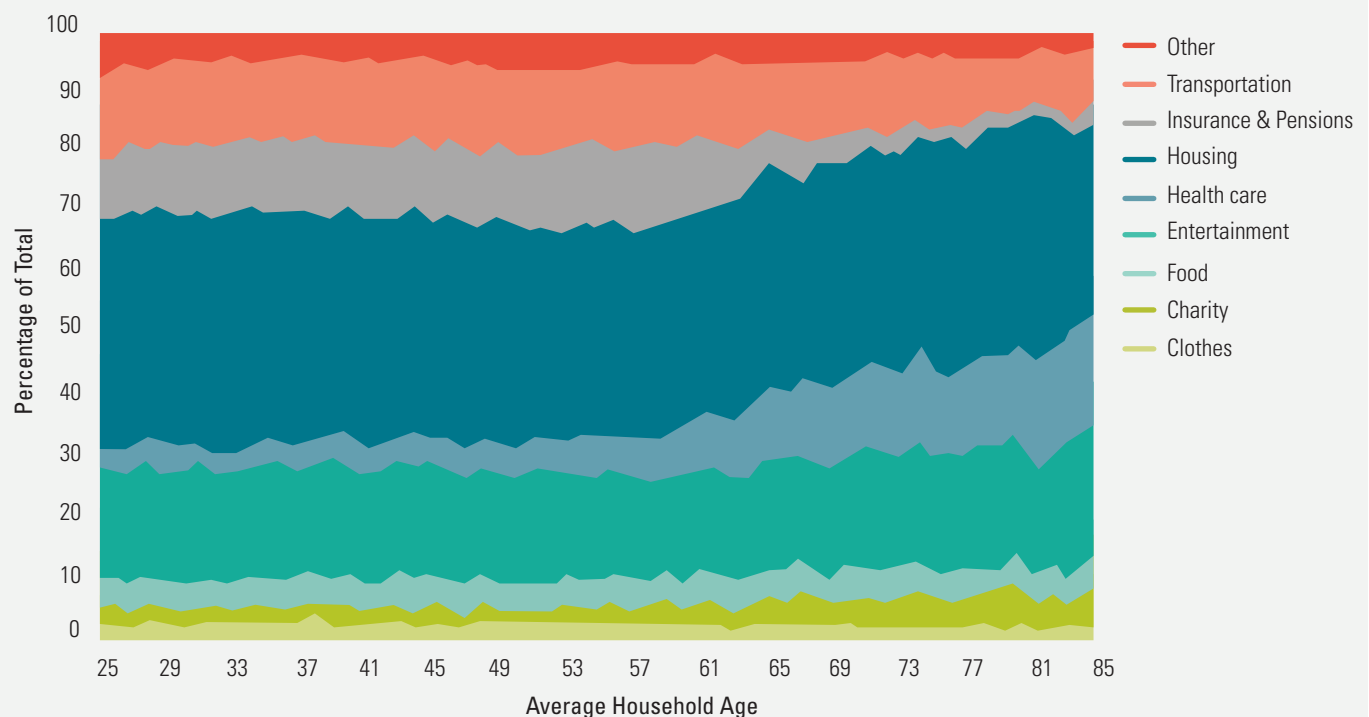
# The Challenge of Rising Costs Evolves as You Age

Not only does inflation erode purchasing power, it impacts individuals differently according to their age bracket and whether they are still in their prime earning years or entering retirement.

## How Spending Needs Will Change

The chart shows the average percentage of total expenditures devoted to different categories for various household ages.

For older retirees, as might be expected, the relative amount spent on insurance and pensions decreases significantly while the amount spent on health care increases substantially.



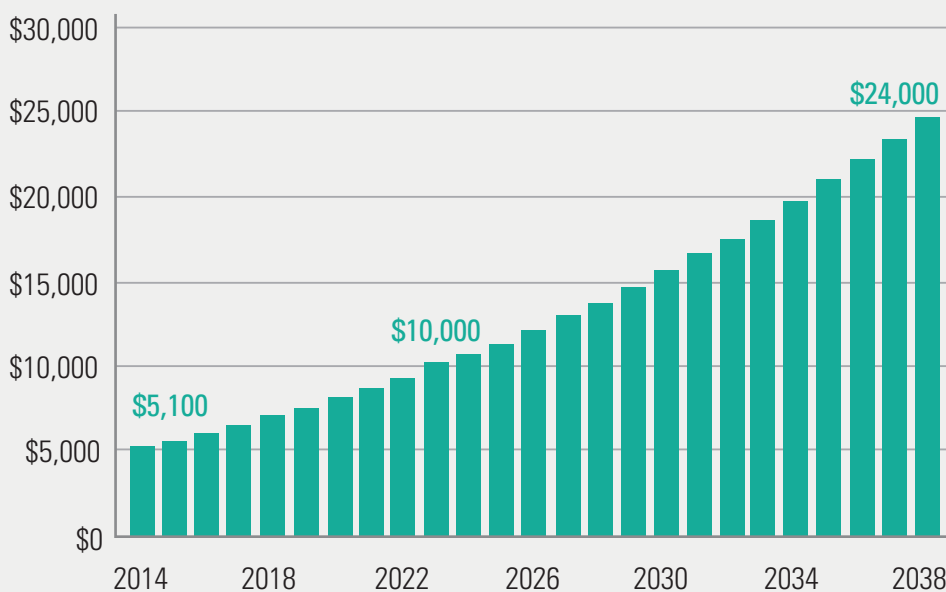
Source: Consumer Expenditure Survey, Morningstar

## Strategies to Offset Health Care's Rising Costs

While the cost of living has doubled since 1982, costs associated with medical care have nearly quadrupled, according to the illustration below.

The average 65-year-old, with reasonably good health, who paid \$5,100 a year in health care expenses in 2014, can expect to pay about \$10,000 a year by age 75, and nearly \$24,000 a year by age 89.

### 65-Year-Old Medicare Beneficiary Annual Projected Health Care Expenses



Source: Consumer Expenditure Survey, Morningstar, Assumes moderate health. Total Health Care Costs include premiums and out-of-pocket expenses for Part A, Part B, Part D, Medigap, Dental, Vision, Hearing

APPROXIMATELY 70% OF AMERICANS WHO ARE CURRENTLY  
AGE 65 OR OLDER WILL NEED SOME TYPE OF LONG-TERM CARE.

– U.S. DEPARTMENT OF HEALTH<sup>1</sup>

<sup>1</sup>National Clearinghouse for Long Term Care Information, U.S. Department of Health and Human Services ([www.longtermcare.gov](http://www.longtermcare.gov))

## Keeping Up

To fight inflation now it's important to concentrate on what you can control and not be distracted by the market's instability or the 24-hour global news cycle; such as:

- Planning for a longer retirement
- Finding ways to deploy more to retirement savings
- Turning to financial professionals for fresh ideas
- Seeking out solutions that offer a combination of guaranteed growth, dependable income and principal protection

## Considering Solutions

While Social Security and certain pensions automatically trigger periodic cost-of-living adjustments, other solutions such as fixed index annuities (FIAs) have the potential to keep pace with inflation while offsetting the risk factors associated with direct participation in the equity markets.

FIAs Can Help You Keep Up with Rising Costs Three Ways:

- 1 Grow Your Assets
- 2 Guarantee Income Payments
- 3 Protect Your Savings

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Discover how FIAs Can Help You Look beyond Today's  
Uncertainties to Prepare for Your Retirement Future

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# 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:**

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"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. 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:**

**> 2 Planning for Longevity** Americans over 65 are the country's fastest-growing demographic. What pre-retirees need to consider as they look ahead.

**> 6 Tempering Market Volatility** With less time to make up for losses, individuals can turn to a strategy that offers principal protection with a chance to grow retirement assets.

**> 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 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.

### Contact Your Financial Professional Today to Learn More

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