Delaware Life®

L.I.V.E. Retirement Risks Education

The hidden risk in retirement: Your emotions

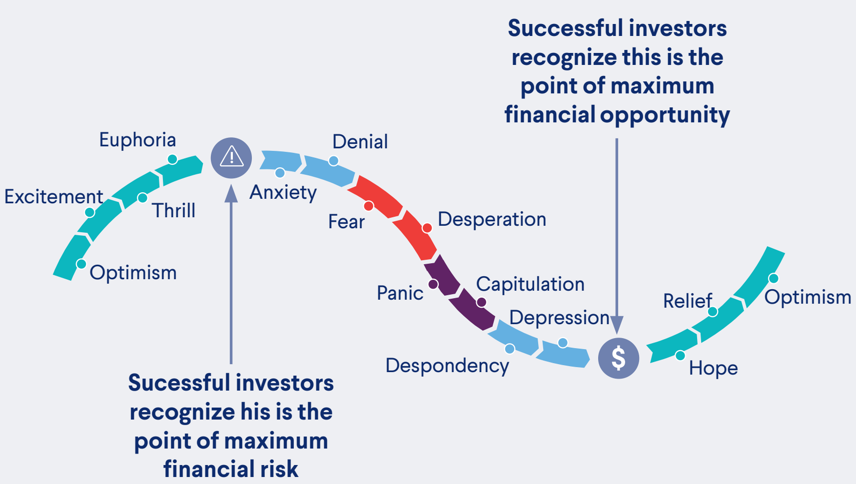
Money can stir up strong emotions, and that's completely natural. After all, we depend on the security it provides. This is especially true in retirement, when those steady paychecks stop coming in.

Emotion risk is the impact of fear, regret, or overconfidence on decision-making. Unlike volatility or inflation, it doesn't show up on a financial statement, but it can quietly undermine even the best retirement plan.

Emotion risk in action

Let's look at the cycle of market emotions. When markets soar, emotions do too—leading many investors to buy high and sell low.

Sound backwards? It is! But we're only human. In the heat of the moment, emotions and media hype can override logic, causing us to act against our own best interests.



Source: Russell Investment Management, 2025 Edition, The Cycle of Market Emotions, https://russellinvestments.com/-/media/files/au/insights/cycle-of-emotions-poster.pdf

When you let emotion take the driver's seat by selling at the wrong time, chasing returns, or abandoning a long-term plan, it has the potential to do harm and may even derail your retirement plans.

Add your contact information here

Let's explore how to help you manage emotion risk.

The impact of a 1% loss over time

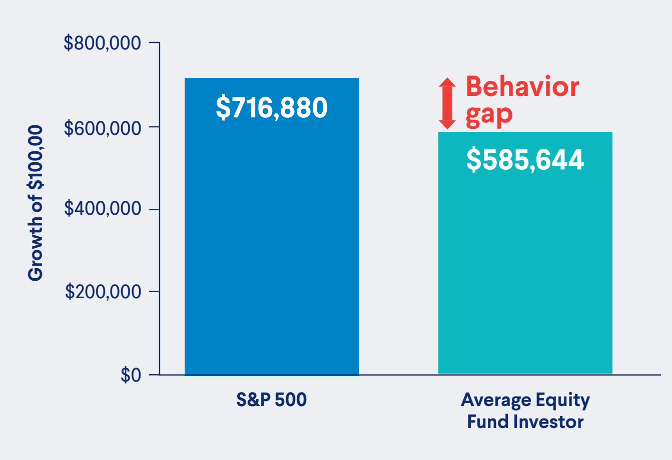
Emotional decisions can really add up over time. This chart compares the unmanaged S&P 500® index with the average equity fund investor. The unmanaged index comes out ahead.

Why? Researchers found that results can be more dependent on an investor's emotional behavior than on fund performance.

They found that over the last 20 years:

- The average annual return for the S&P 500® was **10.35%**
- The average annual return for the Average Equity Fund Investor was **9.24%**

On the surface, the Average Equity Fund Investor's annual **1.11% underperformance** may seem nominal, but the compounding effect over 20 years results in a **$131,236** loss for the average investor's savings.*



The fear of losing money powerfully shapes our decisions. Research shows that losing $100 feels much worse than winning $100 feels good. It's a concept called loss aversion, and this fear can lead us to play it too safe, make hasty moves, or freeze up entirely.

Source: How Emotions Impact Your Financial Decisions | Psychology Today, 03/2024

Unfortunately, emotion risk rarely acts alone

One of the most concerning aspects of emotion risk is that it connects with and compounds other key retirement risks. We call these the L.I.V.E. risks: Longevity, Inflation, Volatility and Emotion.

Longevity Risk

Anxiety about outliving savings can push you to take on either too much or too little risk.

Inflation Risk

Rising costs amplify the strain of market losses.

Volatility Risk

Market downturns can spark panic selling and "buy high/sell low" behavior.

*"2025 Quantitative Analysis of Investor Behavior," DALBAR, Inc. Annualized return for the past 20 years ending 12/31/2024. Assumes initial investment of $100,000 in equities. The equity benchmark is represented by the S&P 500. Returns do not subtract commissions or fees. This study was conducted by an independent third party, DALBAR, Inc., a research firm specializing in financial services. Past performance is not a guarantee of future results. Indexes are unmanaged and do not reflect actual investments. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

Planning can help you manage emotion risk

Retirement is an emotional transition. When work no longer defines you, it can feel like losing part of your identity. Lifestyles built over 30 or 40 years shift overnight, and health concerns may emerge. And all can impact your emotional well-being.

The emotional side of retirement is worth considering as you plan for your future. You may spend decades in retirement, and your emotional reactions might shift over time, but a solid plan can help you keep on track.

Let's start by estimating your future "must-have" expenses—food, healthcare, housing, and more—using a simple three-step retirement income review. It'll give us a strong foundation for building your strategy.

Building a retirement plan

I'll help you create a balanced plan that combines guaranteed income, downside protection, and growth opportunities that address the emotional side of investing and the other L.I.V.E. risks. Together, we'll manage not just the numbers, but the feelings that come with retirement, protecting your income and long-term goals.

The chart below shows a few examples of the strategies we can consider for your plan. As you can see, there is no single strategy that does it all. I'll strive to find the right mix for your personal situation.

Click or scan to access the MUST-haves calculator

	Fixed Index Annuities (FIAs)		**Multi-Year Guaranteed Annuities (MYGAs)**		**Stocks / Mutual Funds**		**Bonds / Bond Funds**	
Principal Protection	✓	Cannot lose value due to market downturns	✓	Yes – guaranteed fixed rate for chosen term	✗	No – subject to market performance	✗	No – subject to interest rate and credit risk
Growth Potential	✓	Linked to market indexes with downside protection	✓	Fixed, predictable rate	✓	Unlimited growth potential	✓	Moderate, but tied to interest rate environment
Income Guarantee	✓	Optional income riders available	✓	Annuitization options vary by contract	✗	None – withdrawals reduce account value	✗	None – interest payments only, no lifetime guarantee
Volatility Exposure	✗	None – principal not reduced by downturns	✗	None – fully insulated	✓	High – directly affected by cycles, news headlines, and downturns	✓	Moderate – sensitive to interest rate changes, credit events

I can help you manage the impact of your emotions on your financial decisions with retirement planning.

Let's get started today.

This communication is for informational purposes only. It is not intended to provide, and should not be interpreted as, individualized investment, legal, or tax advice. To obtain such advice, please consult with the appropriate professional. Delaware Life Insurance Company (Zionsville, IN) is authorized to transact business in all states (except New York), the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Annuities are issued by Delaware Life Insurance Company, and variable annuities are distributed by Clarendon Insurance Agency, Inc. (member FINRA) located at 230 3rd Avenue, Waltham, MA 02451. Both companies are members of Group One Thousand One, LLC (Group1001).

Fixed index annuities are not securities and do not participate directly in the stock market or any index and are not investments. It is not possible to invest directly in an index.

Past performance is not indicative of future results. Guarantees are backed by the financial strength and claims-paying ability of the issuer.

Type in your name ________ from Type in firm name ________ is not affiliated with Delaware Life Insurance Company or Clarendon Insurance Agency, Inc.

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

Delaware Life® | **L.I.V.E. Retirement Risks Education**