
Annuity inflows for 2011 peaked last March-DTCC

By Editor Test *Wed, Nov 2, 2011*

Inflows for all annuity types processed in September declined by 19% to \$6.7 billion from \$8.3 billion in August, according to the Depository Trust and Clearing Corp.

The Depository Trust & Clearing Corporation (DTCC) Insurance & Retirement Services (I&RS) released today September reports on activity in the market for annuity products from its Analytic Reporting for Annuities online information service, which is based on the transactions that DTCC processes for the industry.

Highlights of the report included:

- Inflows for all annuity types processed in September declined by 19% to \$6.7 billion from \$8.3 billion in August.
- Annuity inflows were at their highest so far this year in March, at nearly \$8.8 billion.
- The top 10 insurance companies accounted for over 68% of all inflows processed in September.
- Quarterly inflows and net flows have shown only slight changes since the beginning of the year.

September inflows went primarily into IRA accounts and non-qualified accounts, with a small percentage going into 401(k) accounts. The percentage of inflows going in to Regular IRA accounts was nearly 50%, while non-qualified accounts received 40% of inflows. Accounts in 401(k) plans received almost 6% of annuity inflows.

Regarding net cash flows (subtracting out flows from inflows), regular IRA accounts took the lion's share of net flows in September with 85%, or nearly \$1.8 billion. 401(k) plans attracted almost 13% of net flows, with almost \$265 million, while non-qualified accounts attracted only 4% of net flows, or just under \$87 million.

Over the past 12 months, 77% of positive net flows have gone into regular IRA accounts and 12% have gone into 401(k) accounts. Non-qualified accounts attracted 7% of net flows.

Five hundred twenty two (522) annuity products saw positive net flows in September, while 2,105 annuity products saw negative net flows, where the amount of money redeemed exceeded the amount of money invested.

DTCC recently joined forces with the Retirement Income Industry Association (RIIA) to analyze cash flows by RIIA defined broker/dealer distribution channels and product categories. The following chart shows the breakdown of annuity product inflows by distribution channel in the third quarter.

The figures referenced in this release are calculated from transactions processed by DTCC Insurance & Retirement Services. Not all annuity transactions are processed by DTCC.