

Annuity issuers enjoy third-straight year of record sales: LIMRA

By Editorial Staff Thu, Jan 30, 2025

'Although lower interest rates likely will reduce some demand in 2025, LIMRA predicts innovative index design and competitive participation rates will keep FIA sales above \$100 billion in 2025,' said Bryan Hodgens, senior vice president and head of LIMRA research.

Total U.S. individual annuity sales rose 12% year-over-year in 2024, to a record \$432.4 billion, according to preliminary results from LIMRA's U.S. Individual Annuity Sales Survey of 83% of the U.S. annuity market. It was the third year of record-high annuity sales.

Lower interest rates in the second half of the year undermined demand for fixed-rate deferred and income annuities in the fourth quarter 2024. As a result, quarterly annuity sales fell 13% from the fourth quarter of 2023, to \$100.4 billion.

"Since the pandemic, we have seen a significant rise in consumer interest in investment protection and guaranteed retirement income solutions," said Bryan Hodgens, senior vice president and head of LIMRA research, in a release.

"Fixed-rate deferred annuities drove the record demand for annuities in 2023. As interest rates began to fall in 2024, we saw a shift to products—such as registered indexed-linked and fixed indexed annuities — with greater investment growth potential. We expect this shift to continue in 2025."

Fixed-rate deferred

Total fixed-rate deferred annuity (FRD) sales fell 50% in the fourth quarter of 2024 from the same period in 2023, to \$29.4 billion. For all of 2024, FRD sales totaled \$153.4 billion, down 7% from 2023.

"If interest rates continue to drop this year as expected, it will undoubtedly diminish demand for FRDs in 2025. Yet with a significant amount in FRD contracts coming out of surrender over the next couple of years, LIMRA believes many conservative investors will reinvest their assets in these products," Hodgens commented. "We are forecasting FRD sales to fall as much as 25% in 2025 but remain more than double the FRD sales prior to 2022."

Fixed indexed annuities

Fixed indexed annuity (FIA) sales set a new sales record in 2024. FIA sales were \$30.4

billion in the fourth quarter, a 22% increase from prior year's results. In 2024, FIA sales totaled \$125.5 billion, up 31% from the prior year. This marks the third consecutive year of record FIA sales.

"Investor demand for protection-based solutions remains high and is driving the growth and competition in the FIA market," said Hodgens. "Although lower interest rates likely will reduce some demand in 2025, LIMRA predicts innovative index design and competitive participation rates will keep FIA sales above \$100 billion in 2025."

Income annuities

Income annuity product sales struggled in the fourth quarter due to the drop in interest rates, however year-end results remained at record levels. Single premium immediate annuity (SPIA) sales were \$3.1 billion in the fourth quarter, down 14% from the prior year's results. For the year, SPIA sales increased 2% to \$13.6 billion, setting a new annual sales record.

Deferred income annuity (DIA) sales were \$1.1 billion in the fourth quarter, down 17% from sales in the fourth quarter 2023. Still, DIA sales ended 2024 up 17% to \$4.9 billion.

Registered index-linked annuities

Registered index-linked annuity (RILA) sales were \$17.3 billion in the fourth quarter, up 33% year over year. RILA sales reached \$65.2 billion in 2024, 37% higher than prior year. This is the 11th consecutive record-setting year for RILA sales.

"LIMRA sees a lot of opportunity in the RILA market as investors want to capitalize on the strong equity market gains while mitigating potential downside risk," noted Hodgens. "Carriers are offering attractive buffers, floors and participation rates. Product designs will sustain momentum for RILA sales in 2025. LIMRA projects RILA sales will remain at or slightly above the sales in 2024."

Traditional variable annuities

In 2024, traditional variable annuity (VA) sales grew for the first time in three years. Fourth quarter traditional VA sales grew 38% year-over-year to \$17 billion and total 2024 sales jumped 19% to \$61.2 billion.

"Double-digit growth in the equity market, product innovation and increased interest from registered investment advisors propelled sales to top \$60 billion in 2024," said Hodgens. "If

market conditions remain stable, LIMRA is projecting VA sales remain above \$60 billion in 2025.”

Preliminary fourth quarter 2024 annuity industry estimates are based on monthly reporting. A summary of the results can be found in LIMRA’s [Fact Tank](#).

The top 20 rankings of total, variable and fixed annuity writers for 2024 will be available in mid-March, following the last of the earnings calls for the participating carriers.

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