
Annuity Sales Declined in 2017: LIMRA

By Editorial Staff Thu, Feb 22, 2018

Structured annuity sales increased 25% in 2017, to \$9.2 billion, but indexed annuity sales fell year-over-year for the first time since 2009, according to the LIMRA Secure Retirement Institute.

In 2017, total annuity sales decreased 8% to \$203.5 billion compared with 2016, according to LIMRA Secure Retirement Institute's Fourth Quarter 2017 U.S. Individual Annuity Sales Survey.

After six consecutive quarters of decline, the fourth quarter results for total annuity sales were flat, compared to this quarter last year, at \$50.8 billion. This is a 9% rebound from the 16-year low in the third quarter of 2017.

"The implementation of the DOL fiduciary rule in 2017 had a significant impact on the individual annuity market," said Todd Giesing, director, Annuity Research, LIMRA Secure Retirement Institute. "The impact to IRA annuity sales was much more pronounced than nonqualified annuity sales."

U.S. variable annuity (VA) sales were \$24.7 billion in the fourth quarter, down two percent compared with prior year results. Total VA sales for 2017 were \$95.6 billion—nine percent lower than 2016. This marks the first time in almost 20 years annual VA sales have fallen below \$100 billion.

Structured annuities were one of the bright spots in the annuity market in 2017. Structured annuity sales leveled off in the fourth quarter, but were up 10% compared to fourth quarter 2016. For the year, structured annuity sales were up 25% to \$9.2 billion compared to 2016. "Structured annuity sales continue to attract individuals looking for a balance between investment return and downside protection", Giesing noted. "Structured annuity sales saw impressive growth through Independent BD's in 2017."

Total fixed annuity sales increased in the fourth quarter, up two percent to \$26.1 billion. For the year, fixed annuity sales fell 8% to \$107.9 billion. Despite this decline, annual fixed annuity sales surpassed \$100 billion for the third consecutive year. Based on Institute research, this is the first time this has occurred.

Fourth quarter indexed annuity sales totaled \$14.7 billion, a 7% rebound from prior quarter and a 5% increase, compared with fourth quarter 2016 results. For the year, fixed annuity sales fell 5% to \$57.6 billion, compared with prior year. This is the first year since 2009 where annual indexed annuity sales declined.

Fixed rate deferred annuities (Book Value and MVA) sales dropped 4% in the fourth quarter to \$7.4 billion. Full year fixed-rate deferred annuity sales for 2017 were \$34.2 billion, 12% lower compared to 2016 results.

"Sales of these products generally align with the 10-year treasury rate yet that didn't occur again this quarter," Giesing said. "People just seem to be looking for shorter-term investments anticipating increases in interest rates in 2018."

Immediate income annuity sales rose 5 percent in the fourth quarter to \$2.1 billion. For the year, income annuity sales dropped 10%, to \$8.3 billion. In contrast, deferred income annuity (DIA) dropped 5% to \$550 million in the fourth quarter.

The fourth quarter [2017 Annuities Industry Estimates](#) can be found in LIMRA's [Data Bank](#). To view variable, fixed and total annuity sales over the past 10 years, please visit [Annuity Sales 2008-2017](#).

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