
Annuity sales in 2021 were highest since 2008: LIMRA SRI

By Editorial Staff Thu, Jan 27, 2022

"We see growing interest in accumulation-focused FIA products, as investors seek principal protection with greater investment growth," said Todd Giesing of the Secure Retirement Institute.

Total US annuity sales were \$254.8 billion in 2021, up 16% from 2020. This represents the highest annual annuity sales since 2008, and the third highest sales recorded in history, according to preliminary results from the Secure Retirement Institute (SRI) US Individual Annuity Sales Survey.

Total annuity sales were \$63.4 billion in the fourth quarter, 8% higher than fourth quarter 2020.

"Strong equity market growth in the fourth quarter and in 2021 propelled double-digit growth in both traditional variable annuity and registered index-linked annuity sales, resulting in strong year-over-year results," said Todd Giesing, assistant vice president, SRI Annuity Research.

Total variable annuity (VA) sales were \$32.3 billion in the fourth quarter, up 17% from prior year. In 2021, total VA sales were \$125.6 billion, 27% higher than prior year.

Traditional VA sales were \$21.7 billion in the fourth quarter, a 13% increase from fourth quarter 2020. For the year, traditional VA sales totaled \$86.6 billion, up 16% from prior year. This ends nine years of declines for traditional VA sales.

"We have not seen traditional VA sales growth at this level in over a decade. Heightened concern about potential changes to the tax code drove growth in investment-focused, non-qualified product sales," said Giesing. "In 2021, fee-based products experienced the largest gains as registered investment advisors and broker-dealers sought out tax-deferral solutions for their clients."

Registered index-linked annuity (RILA) sales broke records in the fourth quarter and for the year. Fourth quarter RILA sales were \$10.6 billion, 26% higher than prior year. In 2021, RILA sales were \$39 billion, 62% higher than prior year.

"In 2021, RILA sales benefited from current economic conditions and expanded competition as new carriers enter the market," noted Giesing. "SRI predicts investors will continue to

seek solutions that offer a balance of protection and growth — which these products offer — in 2022, continuing RILA sales' upward trajectory.”

Total fixed annuity sales were \$31.1 billion, level with fourth quarter 2020 results. For the year, total fixed annuities increased 7% to \$129.2 billion.

Fixed indexed annuity (FIA) sales were \$16.6 billion, an 18% increase from fourth quarter 2020. FIA sales were \$63.7 billion in 2021, up 15% from prior year. This marks the largest annual growth for FIA products in three years.

“Improved interest rates and product innovation around cap rates helped address the pricing challenges FIA carriers faced early in 2021, making the products more attractive to investors,” Giesing said. “In addition, we see growing interest in accumulation-focused FIA products, as investors seek principal protection with greater investment growth to offset rising inflation.”

Fixed-rate deferred annuity sales were \$11.3 billion in the fourth quarter, an 18% drop from fourth quarter 2020 results. For the year, fixed-rate deferred sales totaled \$53.4 billion, 2% higher than prior year.

“Today, short-duration fixed-rate deferred products offer, on average, three times the return of CDs, making them much more attractive to investors,” Giesing said. “As a result, fixed-rate deferred sales were at their highest level since the Great Recession, despite the low interest rate environment.”

Immediate income annuity sales were \$1.6 billion in the fourth quarter, the same as fourth quarter 2020. For the year, immediate income annuity sales fell 5% to \$6 billion.

Deferred income annuity sales increased 6% to \$480 million in the fourth quarter. In 2021, total deferred income annuity sales were \$1.9 billion, up 14% from prior year but well below the \$2.5 billion in sales achieved in 2019.

“Despite improving interest rates, payout levels have not increased for income annuities in 2021,” Giesing noted. “It is unlikely under current market conditions that this market will rebound to levels seen in 2018 and 2019.”

Preliminary fourth quarter 2021 annuity industry estimates are based on monthly reporting, representing 85% of the total market. A summary of the results can be found in LIMRA's Fact Tank.

The 2021 top 20 rankings of total, variable and fixed annuity writers will be available in March, following the last of the earnings calls for the participating carriers.

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