
Annuity Sales Reach Record Highs, Again

By Editorial Staff Tue, Feb 6, 2024

'Economic conditions and growing demand for protected investment growth propelled fixed annuity sales to a remarkable \$286.2 billion, a 36% jump from the record sales set in 2022,' said Bryan Hodgens, head of LIMRA research.

For the second consecutive year, U.S. annuity sales set an all-time record high, according to preliminary results from LIMRA's U.S. Individual Annuity Sales Survey, representing 83% of the total U.S. annuity market. Powered by unprecedented fixed annuity sales, total annuity sales were \$385 billion in 2023, 23% higher than the record set in 2022.

"Economic conditions and growing demand for protected investment growth propelled fixed annuity sales to a remarkable \$286.2 billion, a 36% jump from the record sales set in 2022," said Bryan Hodgens, head of LIMRA research, in a release. "To put this into perspective, prior to 2022, total annuity sales never reached this level. Despite equity markets climbing more than 20% in 2023, investors worried about a downturn. This sentiment, combined with strong interest rates, prompted investors to lock in crediting and payout rates offered in fixed annuity products."

In the fourth quarter, U.S. annuity sales set a new record. Total annuity sales were \$115.3 billion in the fourth quarter, a 29% increase from the fourth quarter of 2022 and 23% higher than the record set in first quarter 2023.

Fixed-Rate Deferred

Total fixed-rate deferred annuity sales were \$58.5 billion in the fourth quarter, 52% higher than fourth quarter 2022 sales. This is the best sales quarter for fixed-rate deferred annuities ever documented. In 2023, fixed-rate deferred annuities totaled \$164.9 billion, up 46% from the 2022 annual high of \$113 billion.

Fixed Indexed Annuities

Fixed indexed annuity (FIA) sales also had a record year. In 2023, FIA sales totaled \$95.6 billion, up 20% from the prior year. In the fourth quarter, FIA sales were \$24.6 billion, a 10% increase from fourth quarter 2022.

"Insurers were able to offer very competitive crediting rates while protecting the principal investment from equity market volatility, making FIA products more attractive to investors in 2023," noted Hodgens. "With interest rates expected to pull back in 2024, LIMRA is

predicting a slight decline for FIA sales in 2024, but product sales will remain historically strong and are forecasted to reach nearly \$100 billion in 2025.”

Income Annuities

Similarly, income annuity product sales had a spectacular year due to rising interest rates. Single premium immediate annuity (SPIA) sales were \$3.5 billion in the fourth quarter, 9% higher than the prior year’s results. In 2023, SPIA sales jumped 43% to \$13.2 billion, setting a new annual sales record.

Deferred income annuity (DIA) sales were \$1.3 billion in the fourth quarter, increasing 81% from sales in the fourth quarter 2022. For the year, DIA sales nearly doubled (up 96%) to \$4.1 billion.

Registered Index-Linked Annuities

Registered index-linked annuity (RILA) sales were \$13 billion in the fourth quarter, up 29% from the fourth quarter 2022. This is the first time RILA product sales have surpassed traditional variable annuity sales. Total RILA sales reached \$47.4 billion in 2023, 15% higher than prior year and a new all-time high for the product line’s sales.

Traditional Variable Annuities

Despite the strong equity market growth in 2023, traditional variable annuity (VA) sales set a different kind of record, marking the lowest sales ever recorded for the quarter and the year. Fourth quarter traditional VA sales fell 3% year-over-year to \$12.3 billion and total 2023 sales dropped 17% to \$51.4 billion.

“The introduction of RILAs in recent years and expansion of FIAs have offered investors options to buy a product that provides upside investment potential with limited to no downside risk — a value proposition increasingly attractive to today’s investor,” said Hodgens. “That said, LIMRA predicts the continued equity market growth over the next two years will propel traditional VA sales to grow as much as 10% in 2024 from current levels.”

Preliminary fourth quarter 2023 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 2023 will be available in early March, following the last of the earnings calls for the participating carriers.

