

## Annuity Sales Rebound in 2Q2021; RILA Sales More Than Double

By Editorial Staff    Wed, Jul 28, 2021

'Strong equity market gains and lower volatility, as well as rising interest rates all contributed to the remarkable rebound in the annuity market,' said Todd Giesing, assistant vice president, SRI Annuity Research.

Total preliminary US annuity sales were \$67.9 billion in the second quarter of 2021, up a healthy 39% from second quarter 2020. Year-to-date, annuity sales reached \$129 billion, up 23% from 2020, according to the Secure Retirement Institute (SRI) US Individual Annuity [Sales Survey](#).

“Strong equity market gains and lower volatility, as well as rising interest rates all contributed to the remarkable rebound in the annuity market,” said Todd Giesing, assistant vice president, SRI Annuity Research.

“We expected sales to improve as the country opened up and the economy normalized. There is significant pent-up consumer demand for products providing tax-deferred investment growth and guaranteed income. The last time quarterly annuity sales surpassed this level was fourth quarter 2008, during the Great Recession.”

### U.S. Annuity Second Quarter Preliminary Sales Estimates

Variable	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2Q YTD 2020	Full Year 2020	Q1 2021	Q2 2021	2Q YTD 2021	Q2 2021 / Q1 2021	YTD 2021 / YTD 2020
Traditional Variable	21.1	16.6	17.7	19.2	37.7	74.5	20.9	22.7	43.6	9%	16%
Registered Index-Linked	4.9	4.5	6.3	8.4	9.4	24.1	9.2	10.1	19.3	10%	105%
<b>Total Variable</b>	<b>26.0</b>	<b>21.1</b>	<b>23.9</b>	<b>27.6</b>	<b>47.1</b>	<b>98.6</b>	<b>30.0</b>	<b>32.8</b>	<b>62.8</b>	<b>9%</b>	<b>33%</b>
<b>Fixed</b>											
Fixed-rate deferred	9.8	12.8	15.8	13.7	22.6	52.1	14.6	16.1	30.7	10%	36%
Indexed	16.2	12.0	13.2	14.1	28.2	55.5	13.5	15.4	28.9	14%	2%
Deferred income	0.47	0.35	0.42	0.45	0.82	1.70	0.42	0.54	0.96	27%	17%
Fixed immediate	1.9	1.4	1.4	1.6	3.3	6.3	1.5	1.8	3.3	20%	0%
Structured settlements	1.5	1.2	1.0	1.1	2.7	4.8	1.0	1.3	2.3	30%	-15%
<b>Total Fixed</b>	<b>29.9</b>	<b>27.8</b>	<b>31.8</b>	<b>31.0</b>	<b>57.6</b>	<b>120.4</b>	<b>31.0</b>	<b>35.1</b>	<b>66.2</b>	<b>13%</b>	<b>15%</b>
<b>Total U.S. Annuities</b>	<b>55.9</b>	<b>48.9</b>	<b>55.7</b>	<b>58.6</b>	<b>104.7</b>	<b>219.0</b>	<b>61.0</b>	<b>67.9</b>	<b>129.0</b>	<b>11%</b>	<b>23%</b>

Source: LIMRA Secure Retirement Institute, July 27, 2021. (\$billions)

At \$32.8 billion, total variable annuity sales in the second quarter were up 55% year-over-year, their best quarter in nearly six years. In the first half of 2021, total annuity sales were

\$62.8 billion, up 33% year-over-year.

Sales of traditional VAs were \$22.7 billion, up 37% increase from second quarter 2020. Year to date, traditional VA sales totaled \$43.6 billion, up 16% from prior year. Sales benefited from the bull market in equities and low volatility.

“Traditional VA products offer tax-deferred investment options, [so they] may have been helped by the current administration’s proposed tax plan, which, if enacted, would retroactively raise capital gains rates,” Giesing said.

Registered index-linked annuity (RILA) sales exceeded record level sales in the second quarter, to \$10.1 billion, up 122% from second quarter 2020. For the first half of 2021, RILA sales were \$19.3 billion, 105% higher than prior year.

“We expect RILA sales growth to level off in the second half of the year,” said Giesing. “If interest rates improve, fixed indexed annuities may become more attractive to investors who want greater principal protection.”

Fixed indexed annuity (FIA) sales grew 28% in the second quarter to \$15.4 billion. Year to date, FIA sales were \$28.9 billion, up 2% year-over-year.

“While the FIA market hasn’t returned to the levels seen in 2019, rising interest rates and product innovation enabling carriers to raise cap rates suggest FIA sales will continue to improve throughout 2021. SRI is forecasting FIA sales to increase more than 5% in 2021,” according to SRI.

Fixed-rate deferred annuity sales were \$16.1 billion in the second quarter, 26% higher than prior year results. This represents the highest quarterly sales results for fixed-rate deferred annuities since second quarter 2009. In the first six months of 2021, fixed-rate deferred annuity sales totaled \$30.7 billion.

Sales of fixed-rate deferred annuities in banks and broker-dealers continue to thrive as crediting ratings for them are far more attractive than CDs. “However, SRI saw pending contracts in June drop by double-digits, a sign that sales are likely to level off or decline in the second half of 2021,” Giesing said.

Immediate income annuity sales were \$1.8 billion in the second quarter, up 29% from second quarter 2020. Year to date, immediate income annuity sales were \$3.3 billion, level with prior year results.

Deferred annuity sales increased 52% to \$540 million in the second quarter. Interest rates are improving, but are still low enough to undermine sales of income annuities. In the first half of 2021, DIA sales were \$1 billion, 17% higher than prior year.

Total fixed annuity sales rose 27% in the second quarter to \$35.1 billion. Year to date, total fixed annuity sales were \$66.2 billion, 15% above the first half of 2020.

Preliminary first quarter 2021 annuities 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 top 20 rankings of total, variable and fixed annuity writers for second quarter 2021 will be available in September, following the last of the earnings calls for the participating carriers.

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