

## For Jackson National Life, 2021 was a pivotal year

By Editorial Staff     Fri, Mar 11, 2022

*In reporting its fourth quarter and full-year 2021 results, Jackson National Life marked its separation from Prudential plc, its listing on the New York Stock Exchange, and \$3.2 billion in net income, up from a loss of \$1.6 billion in 2020.*



Jackson National Life reported net income of \$585 million, or \$6.19 per diluted share for the three months ended December 31, 2021, compared to net income of \$76 million, or \$0.80 per diluted share for the three months ended December 31, 2020, according to the company's earnings release.

Adjusted operating earnings for the three months ended December 31, 2021 were \$707 million, or \$7.48 per diluted share, compared to \$645 million or \$6.83 per diluted share for the three months ended December 31, 2020.

The increase in adjusted operating earnings was primarily the result of increased fee income due to higher average separate account balances and lower death and other policyholder benefits, partially offset by higher operating expenses and a higher effective tax rate in the current quarter.

The Company reported net income for the full year 2021 of \$3,183 million, or \$33.69 per diluted share, compared to a net loss of \$(1,634) million, or \$(24.14) per diluted share for the full year of 2020.

The change was primarily due to improved net hedging results from higher interest rates in 2021 compared to 2020, as well as the \$2,082 million loss on the Athene reinsurance transaction in 2020.

Full year 2021 adjusted operating earnings were \$2,398 million, or \$25.38 per diluted share, compared to \$1,880 million or \$27.79 per diluted share for the full year of 2020. The change was primarily due to increased fee income from a higher average separate account balance, partially offset by higher operating expenses and a higher effective tax rate in 2021

## JACKSON NATIONAL'S EOY 2021 RESULTS, HIGHLIGHTS

- Separated from Prudential plc, listed on NYSE
- Approved quarterly cash dividends and a \$300m share repurchase authorization in Nov; first dividend payment made in Dec.
- Returned \$261m to shareholders in 4Q2021 with \$211m of repurchases and \$50m of 4Q dividends
- Closed \$1.6bn senior debt offering in 2021
- Net income of \$3,183m or \$33.69 per diluted share
- Adjusted operating earnings of \$2,398m, or \$25.38 per diluted share, up 28% from FY 2020
- Risk Based Capital (RBC) ratio at Jackson National Life Insurance Co. of 580% at YE 2021
- Increasing 1Q2022 dividend by 10% to \$0.55 per share and announcing a \$300m increase to the existing share repurchase authorization
- Updating capital return target to \$425-\$525m for the 2022 calendar year
- Net income of \$585m in 4Q2021, or \$6.19 per diluted share
- Adjusted operating earnings of \$707m, or \$7.48 per diluted share, up 10% from 4Q2020
- Total annuity account value of \$259bn up 13% from 4Q2020, on positive separate account performance
- Cash and liquid assets at the holding company >\$600m at Dec. 31, 2021, well above minimum liquidity buffer

compared to 2020.

### Retail annuities

Retail Annuities segment reported pretax adjusted operating earnings of \$750 million in the fourth quarter of 2021 compared to \$601 million in the fourth quarter of 2020. The current quarter benefited from improved fee income resulting from higher average variable annuity account values, as well as the benefit of the recovery of claims on previously reinsured policies. The current quarter also benefited from DAC deceleration resulting from a 5.9% separate account return in the quarter, though this benefit was smaller than the deceleration benefit realized in the fourth quarter of 2020, when the separate account return was approximately 13.1%. In periods where separate account returns are higher than our long-term assumption, amortization is shifted to future years driving deceleration of DAC amortization in the current period.

Full year 2021 pretax adjusted operating earnings for the segment were \$2,528 million, compared to \$2,006 million in full year 2020. The full year results were driven by the higher fee income and recapture adjustments noted above, partially offset by higher operating expenses.

Total annuity sales of \$5.0 billion were up 1% from the fourth quarter of 2020. Variable annuity sales were flat compared to the fourth quarter of 2020, with higher sales of variable annuities without lifetime benefit guarantees offset by lower sales of variable annuities with lifetime benefit guarantees. The current quarter also reflects \$108 million of sales of RILA products, which were launched in October 2021. In total, annuity sales without lifetime benefit guarantees represented 37% of total annuity sales, up from 27% in the fourth quarter of 2020. We continue to expand our fee-based sales, with current quarter advisory annuity sales up 19% from the fourth quarter of 2020 to \$358 million.

For the full year 2021, annuity sales of \$19.3 billion were up 8% from the full year 2020, reflecting higher sales of variable annuities, partially offset by lower sales of fixed and fixed indexed annuities.

#### Closed life and annuity blocks

Closed Life and Annuity Blocks reported pretax adjusted operating earnings of \$21 million in the fourth quarter of 2021 compared to \$(35) million in the fourth quarter of 2020. The current quarter benefited from lower death and other policyholder benefits resulting from the continued decrease in the size of the closed blocks.

For the full year 2021, pretax adjusted operating earnings of \$224 million were up from the full year 2020 earnings of \$0, with the difference primarily due to higher death and other policyholder benefits and lower net investment income in the prior year. Net outflows totaled \$57 million in the fourth quarter of 2021 and \$267 million in the full year 2021.

Total shareholders' equity was \$10.4 billion or \$114.78 per diluted share as of December 31, 2021, up from \$9.4 billion or \$99.81 per diluted share as of year-end 2020. Adjusted book value<sup>2</sup> was \$8.9 billion or \$98.69 per diluted share as of December 31, 2021, up from \$6.8 billion or \$72.21 per diluted share as of year-end 2020.