
Record sales for indexed annuities in 2018

By Editorial Staff Thu, Feb 28, 2019

For 2018, fixed indexed annuity sales rose 27% to \$69.6 billion, compared with 2017. This exceeded the previous annual fixed indexed annuity sales record by \$10 billion, according to LIMRA Secure Retirement Institute.

Rising supply, competitive yields, compelling commissions, deregulation (post-fiduciary rule), flight to safety from equity market volatility, and rising demand from retiring baby boomers for safe lifetime income are among the many possible explanations for record-breaking sales of fixed annuity products last quarter.

Fourth quarter 2018 indexed annuity sales set an all-time quarterly record at \$19.5 billion, a 40% increase, compared with fourth quarter 2017 results, according to a quarterly annuity report from LIMRA Secure Retirement Institute (SRI).

For the year, fixed indexed annuity sales rose 27% to \$69.6 billion, compared with the prior year. This exceeded the previous annual fixed indexed annuity sales record by \$10 billion.

“Total fixed annuities had a record-breaking fourth quarter, achieving the highest level of sales for fixed annuities in a quarter—ever,” said Todd Giesing, director, Annuity Research, LIMRA SRI, in a release this week.

“This jump in quarterly sales can be attributed to higher interest rates and increased equity market volatility. This is the fourth consecutive year where annual fixed annuity sales surpassed \$100 billion. This is the first time it has occurred since LIMRA SRI began tracking sales.”

At 4.10%, 5-year fixed deferred annuities with a minimum investment of \$10,000 currently offer yields that are about 80 basis points higher than current annual yields for certificates of deposits, according to a cursory scrape of data from nerdwallet.com and blueprintincome.com. On a \$1,000,000 investment, the difference in yield after five years would be about \$40,000.

Total annuity sales were \$232.1 billion for 2018, up 14% from 2017 results, according to LIMRA Secure Retirement quarterly annuity retail sales survey. Sales were \$62.1 billion in the final quarter of 2018, up 22% over 2017.

Driven by fixed annuity products, the fourth quarter of 2018 saw the highest quarterly total

annuity sales since the first quarter of 2009, and the first time annuity sales have exceeded \$60 billion since the fourth quarter of 2015.

“Individual annuity sales for 2018 finished the year strong, particularly sales of fixed annuity products,” Giesing said. “Fixed annuity sales accounted for nearly 60% of overall individual annuity sales, a significant change from just five years ago.”

Total fixed annuity sales increased 47% in the fourth quarter, to \$37.4 billion. For the year, fixed annuity sales rose 25% to \$132 billion. That’s an all-time high for fixed annuity sales.

Fixed rate deferred annuities (book value and market value-adjusted) sales increased 74% in the fourth quarter to \$12.9 billion. Full year fixed-rate deferred annuity sales for 2018 were \$44.2 billion, 29% higher than 2017 results. This is the first time annual fixed-rate deferred sales have exceeded \$40 billion since 2009.

Fixed immediate annuity sales rose 29% in the fourth quarter to \$2.7 billion, which represents the highest quarterly sales recorded for immediate income annuities. For the year, income annuity sales increased 17%, to \$9.7 billion.

Sales of deferred income annuities (DIA) increased 20% in the fourth quarter, to \$655 million. For 2018, DIA sales were 4% higher than 2017 results, reaching \$2.3 billion.

U.S. variable annuity (VA) sales were \$24.7 billion in the fourth quarter, down 3% compared with prior year results. Total VA sales for 2018 were \$100.1 billion, a two-percent increase over 2017 results. Fixed annuity sales have exceeded VA sales in 10 of the last 12 quarters.

Registered indexed-linked annuity sales (RILAs) topped \$3 billion this quarter, an increase of more than 10%. For the year, RILA sales will near \$11 billion and represent more than 10% of total VA sales.

The fourth quarter [2018 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](#). Top 20 annuity rankings will be available in mid-March.

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