

Fixed-Rate Deferred Annuity Buyers Metrics

A look at who is buying and why individuals are turning to fixed-rate deferred annuities



ANNUITIES HELP SOLVE THE RETIREMENT PUZZLE FOR MANY PRE-RETIREEES & RETIREEES

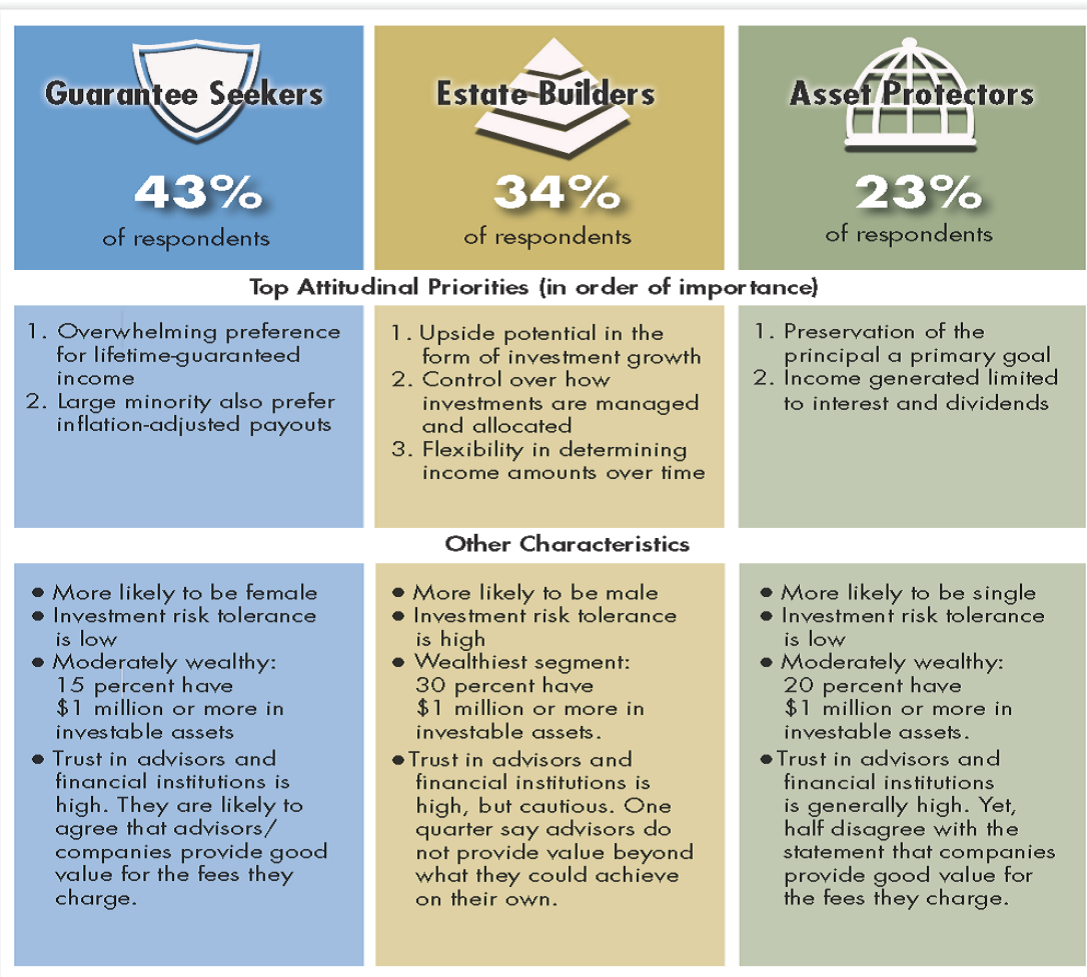
Individuals are turning to annuity products to help solve many of the uncertainties involved in retirement planning. A majority of individuals purchasing annuities are seeking guaranteed lifetime income solutions to supplement pension and/or Social Security income.

This report provides insight into **fixed-rate deferred** annuity buyers looking at 2015 retail new premiums. Forty companies participated in this report, representing 69 percent of 2015 retail fixed-rated deferred annuity sales.



INDIVIDUALS HAVE DIFFERENT PRIORITIES IN RETIREMENT

A recent LIMRA Secure Retirement Institute study found that individuals have different priorities in retirement. Many are seeking the guarantee of lifetime income while others are looking to grow and protect their assets.



Source: *A New Perspective on Retirement Planning, Affluent Investors Market Segmentation* LIMRA Secure Retirement Institute, 2015.

FIXED-RATE DEFERRED PROVIDES A SAFE GROWTH INVESTMENT

Fixed-rate deferred sales provide the comfort of principal protection and resonate well with conservative investors. These buyers display many of the characteristics of Asset Protectors.

2015 Retail Indexed Annuity Market Sales by
Investment Objective (*in billions*)



Source: *U.S. Individual Annuities Sales Report, VA GLB Election Tracking Report & Indexed GLWB Election Tracking Report*, LIMRA Secure Retirement Institute, 2015.

Note: Totals are for retail sales only. This analysis excludes sales in employer plans and structured settlements.

FIXED-RATE DEFERRED ANNUITY BUYER HIERARCHY

Fixed-rate Deferred (FRD) Annuity Buyers

63.5

Average Age

\$86k

Avg. Premium

Fixed-rate Deferred IRA Annuity Buyers

59.7

Average Age

\$80k

Avg. Premium

Fixed-rate Deferred Nonqualified Annuity Buyers

68.1

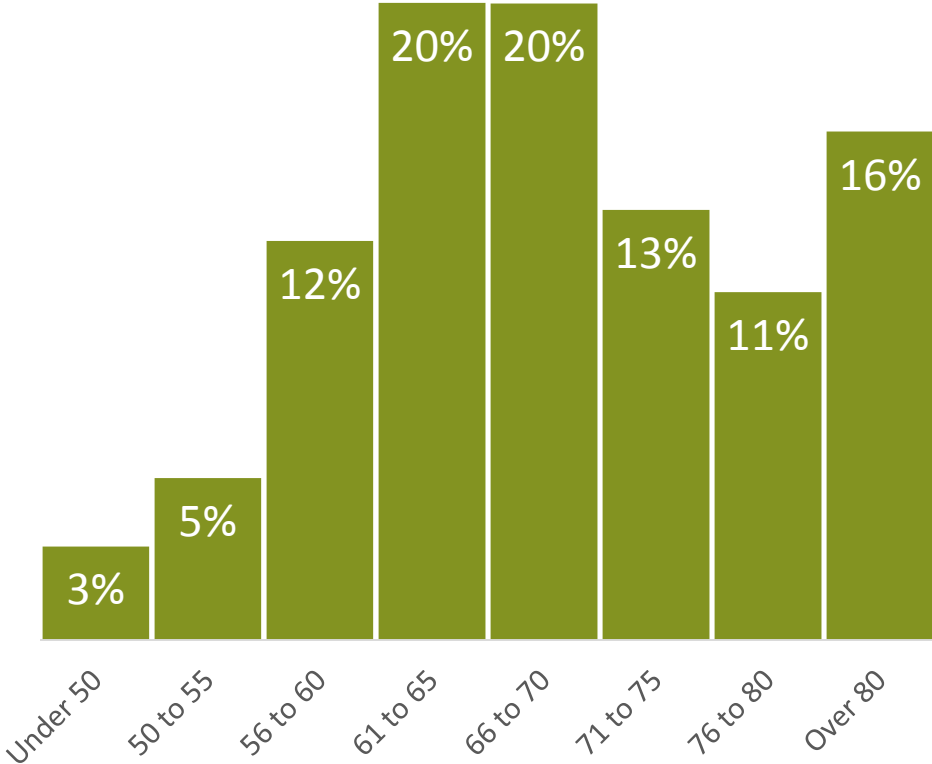
Average Age

\$93k

Avg. Premium

Principal
Protection

FIXED-RATE DEFERRED ANNUITY BUYERS



63.5
Average Age

\$86k
Average Initial
Premium

13% Overall Retail Annuity Sales

Age distributions based on 2015 new premium
Average age based on number of contracts sold in 2015

FIXED-RATE DEFERRED ANNUITY – IRA BUYERS

Principal Protection

- A conservative buyer that is looking to protect assets nearing retirement.
- The average initial premium is much less than seen with variable annuity and indexed annuities as these buyers most likely have been conservative investors.
- Displays Asset Protector characteristics



59.7

Average Age

\$80k

Average Initial
Premium

41%

Retail FRD
Annuity Sales

Principal Protection

FIXED-RATE DEFERRED ANNUITY – NONQUALIFIED BUYERS

- A much older buyer than fixed-rate deferred IRA buyers
- These older buyers are most likely protecting their emergency or legacy funds from investment loss.
- Displays Asset Protector characteristics



68.1

Average Age

\$93k

Average Initial
Premium

59%

Retail FRD
Annuity Sales

DOL FIDUCIARY RULE WILL CHANGE THE INDIVIDUAL ANNUITY LANDSCAPE

The DOL fiduciary rule, set to be implemented in 2017, will change the individual annuity landscape, but will it change who is buying fixed-rate deferred annuities?

This report provides a detailed look at who bought fixed-rate deferred annuities and a valuable benchmark for us to further explore the changes to buyers in the future.

