

Income Annuity Buyers Metrics

A look at who is buying and why individuals are turning to income 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.

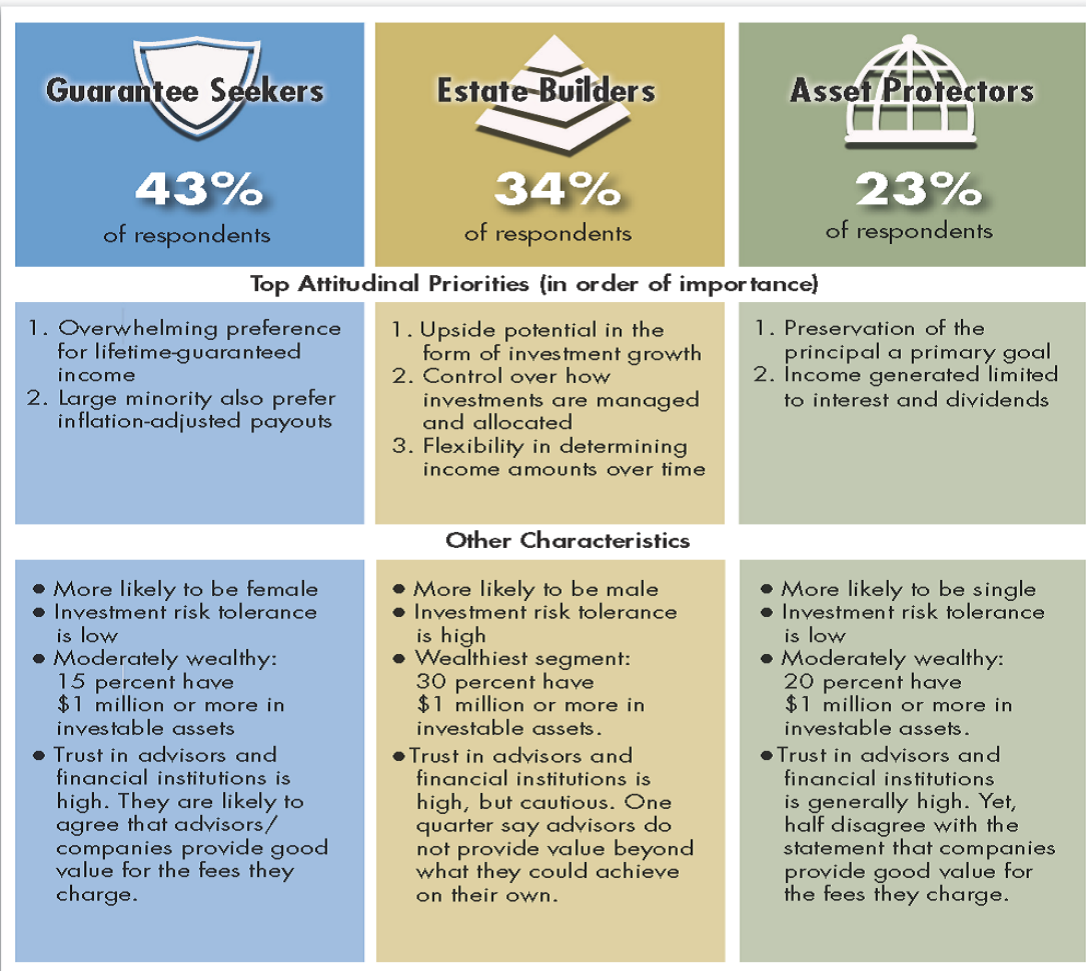
This report provides insight into **income** annuity buyers looking at 2015 retail new premiums. Twenty-two companies participated in this report, representing 83 percent of 2015¹ retail indexed annuity sales.



¹Source: LIMRA Secure Retirement Institute Income Annuity Buyers Study (To be published). 2015 data utilized in this report was Q1-Q3 2015.

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.



INCOME ANNUITIES ARE FOCUSED ON GUARANTEED INCOME STREAMS

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

Income annuities come in two flavors: fixed immediate for buyer looking for income now, and deferred income annuities for buyers looking for income later. These annuity products are focused on guaranteed income and provide some of the most efficient guaranteed income streams at the expense of some flexibility.



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 IMMEDIATE (SPIA) ANNUITY BUYER HIERARCHY

SPIA Buyers	
71.7 Average Age	\$148k Average Premium

SPIA Lifetime Income Buyers	
72.6 Average Age	\$148k Average Premium

SPIA non-Lifetime Income Buyers	
69.1 Average Age	\$149k Average Premium

SPIA Lifetime IRA Buyers	
69.4 Average Age	\$149k Avg. Premium

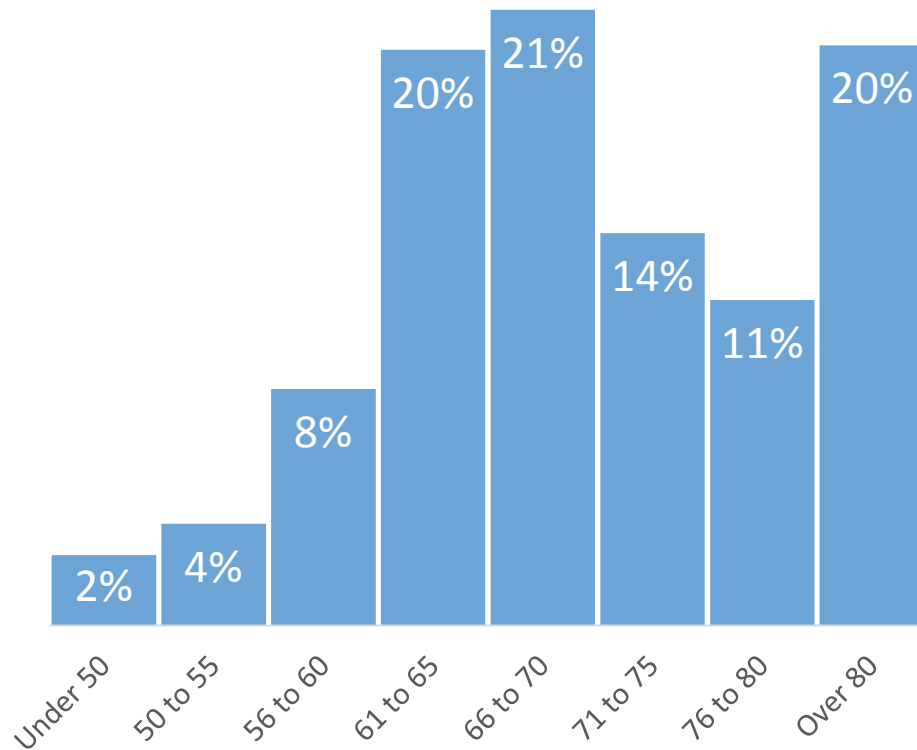
SPIA Lifetime Nonqualified Buyers	
76.0 Average Age	\$146k Avg. Premium

SPIA non-Lifetime IRA Buyers	
67.6 Average Age	\$121k Avg. Premium

SPIA non-Lifetime Nonqualified Buyers	
70.1 Average Age	\$168k Avg. Premium

FIXED IMMEDIATE ANNUITY BUYERS

Guaranteed
Income



71.7
Average Age

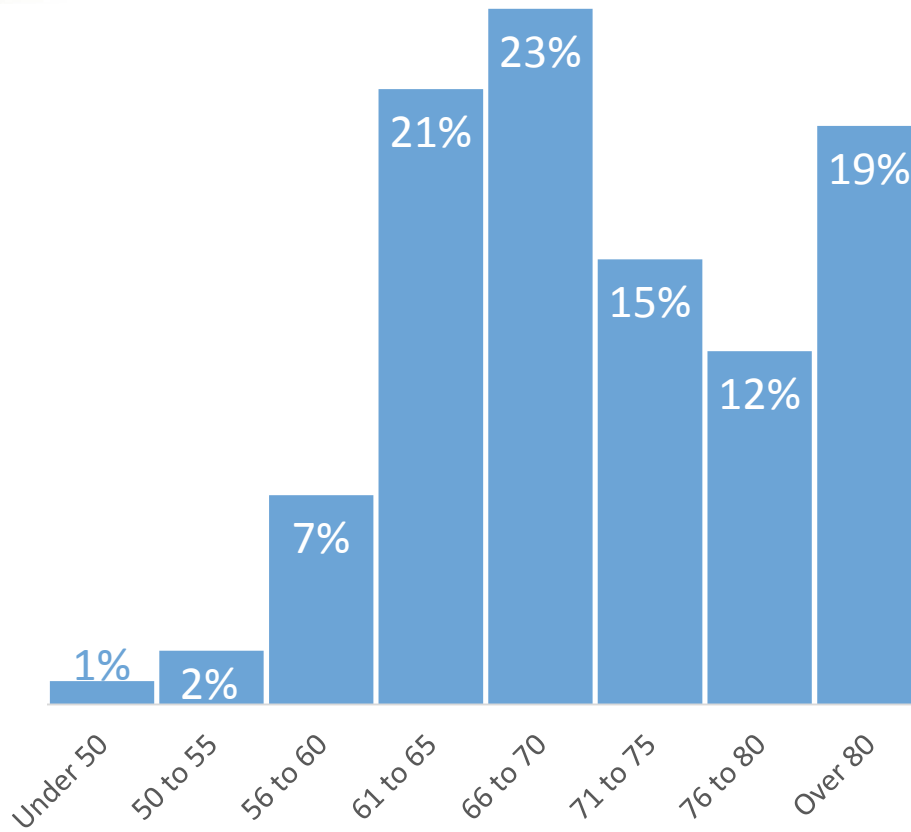
\$148k
Average Initial
Premium

4% Overall Retail Annuity Sales

Age distributions based on Q1-Q3 2015 new premium
Average age based on number of contracts sold Q1-Q3 2015

FIXED IMMEDIATE ANNUITY LIFETIME INCOME BUYERS

Guaranteed
Income



72.6
Average Age

\$148k
Average Initial
Premium

76% Retail SPIA Sales

Age distributions based on Q1-Q3 2015 new premium
Average age based on number of contracts sold Q1-Q3 2015

FIXED IMMEDIATE ANNUITY – IRA LIFETIME INCOME BUYERS

Guaranteed
Income

- Highest average initial premium for IRAs indicates a more affluent buyer.
- With the average initial age just under 70, many of these buyers are likely utilizing a fixed immediate annuities as a RMD strategy.
- Displays Guarantee Seeker characteristics



69.4

Average Age

\$149k

Average Initial
Premium

40%

Retail SPIA Sales

FIXED IMMEDIATE ANNUITY – NONQUALIFIED LIFETIME INCOME BUYERS

Guaranteed Income

- The oldest buyer of individual annuities
- These buyers have likely utilized their qualified retirement savings and are providing supplemental income as a hedge against longevity.
- Attracted to the tax benefits of fixed immediate income streams
- Displays Guarantee Seeker characteristics



76.0

Average Age

\$146k

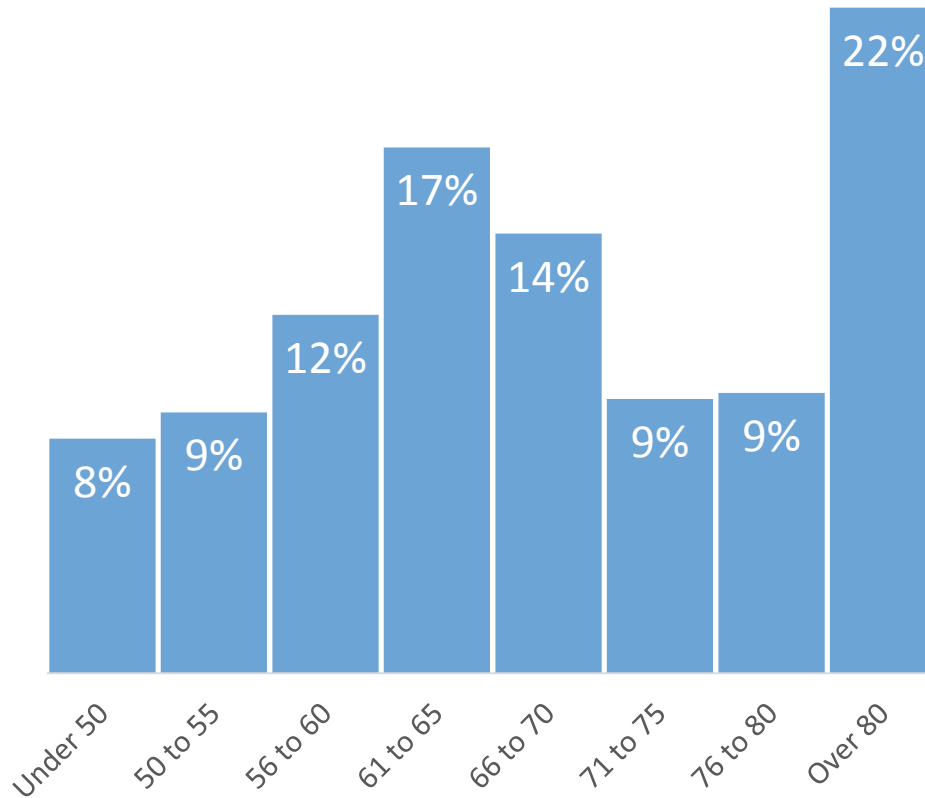
Average Initial
Premium

36%

Retail SPIA Sales

FIXED IMMEDIATE ANNUITY NON-LIFETIME INCOME BUYERS

Guaranteed
Income



69.1

Average Age

\$149k

Average Initial
Premium

24% Retail SPIA Sales

Age distributions based on Q1-Q3 2015 new premium
Average age based on number of contracts sold Q1-Q3 2015

Guaranteed
Income

FIXED IMMEDIATE ANNUITY – IRA NON-LIFETIME INCOME BUYERS

- The youngest of fixed immediate annuity buyers
- Many of these buyers may be using non-lifetime income streams as a bridge or a supplement to other lifetime income sources
- Displays Guarantee Seeker characteristics



67.6

Average Age

\$121k

Average Initial
Premium

8%

Retail SPIA Sales

Guaranteed Income

FIXED IMMEDIATE ANNUITY – NONQUALIFIED NON-LIFETIME INCOME BUYERS

- These buyers value a guaranteed income stream and are utilizing their nonqualified savings to supplement other sources of retirement income.
- Attracted to the tax benefits of fixed immediate income streams
- Displays Guarantee Seeker characteristics



70.1

Average Age

\$168k

Average Initial
Premium

16%

Retail SPIA Sales

DEFERRED INCOME ANNUITY (DIA) BUYER HIERARCHY

DIA Buyers	
60.2	\$146k
Average Age	Avg. Premium

DIA IRA Buyers	
60.1	\$138k
Average Age	Avg. Premium

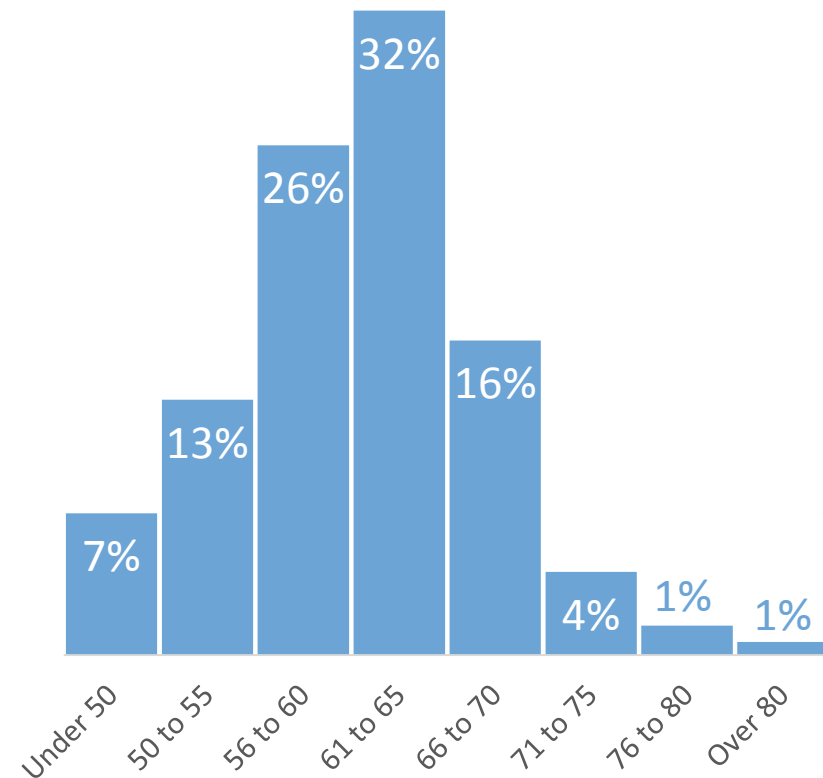
DIA Nonqualified Buyers	
60.5	\$168k
Average Age	Avg. Premium

DIA IRA (non-QLAC) Buyers	
58.8	\$144k
Average Age	Avg. Premium

DIA IRA QLAC Buyers	
69.6	\$94k
Average Age	Avg. Premium

DEFERRED INCOME ANNUITY BUYERS

Guaranteed
Income



60.2
Average Age

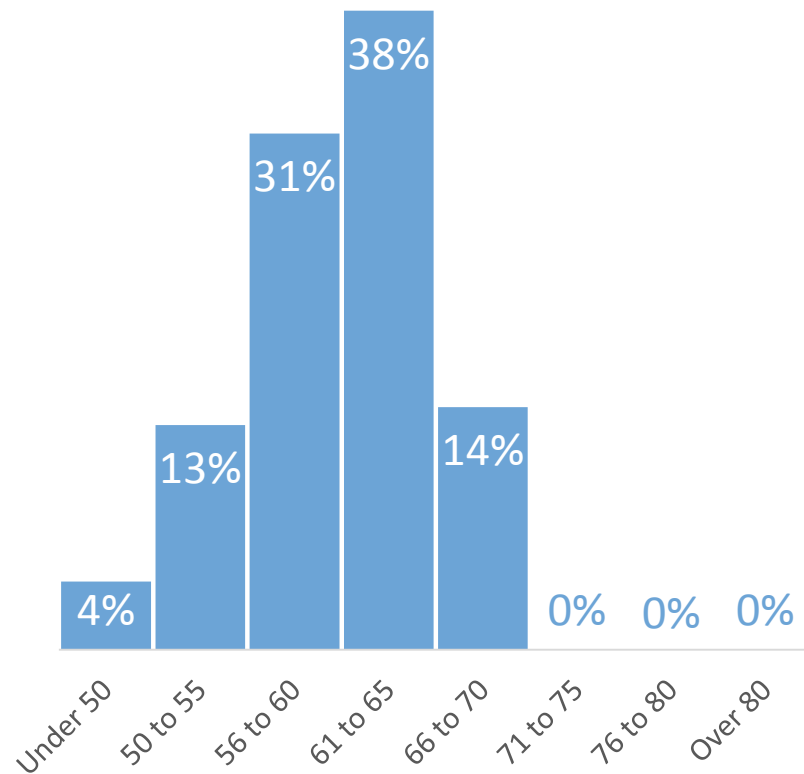
\$146k
Average Initial
Premium

7.5
Avg. Deferral
Period (Years)

Age distributions based on Q1-Q3 2015 new premium
Average age based on number of contracts sold Q1-Q3 2015

DEFERRED INCOME ANNUITY IRA NON-QLAC BUYERS

Guaranteed
Income



58.8

Average Age

\$144k

Average Initial
Premium

7.1

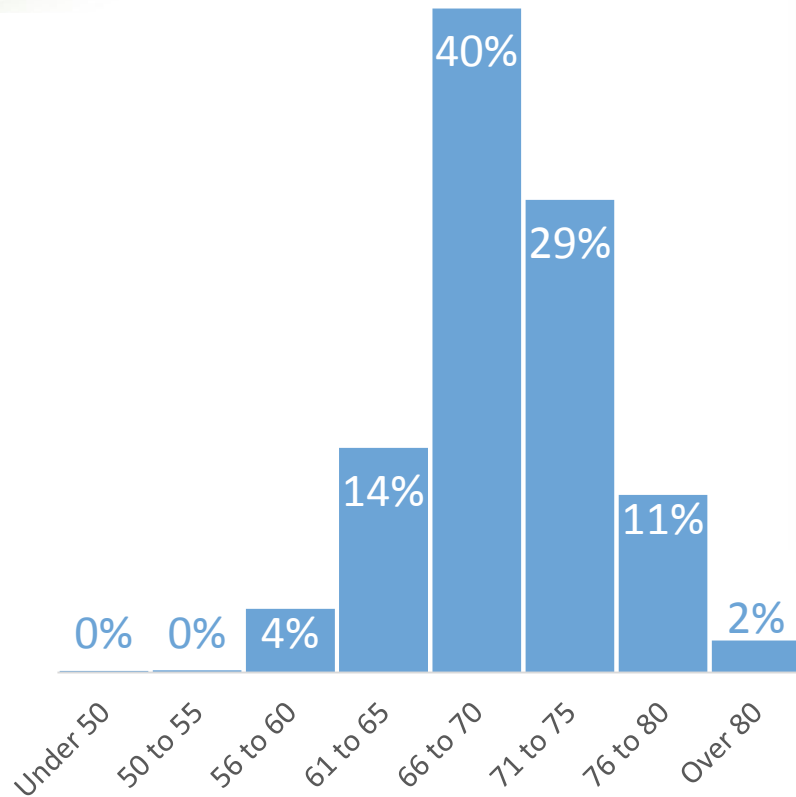
Avg. Deferral
Period (Years)

Age distributions based on Q1-Q3 2015 new premium
Average age based on number of contracts sold Q1-Q3 2015



DEFERRED INCOME ANNUITY IRA QLAC BUYERS

Guaranteed
Income



69.6

Average Age

\$94k

Average Initial
Premium

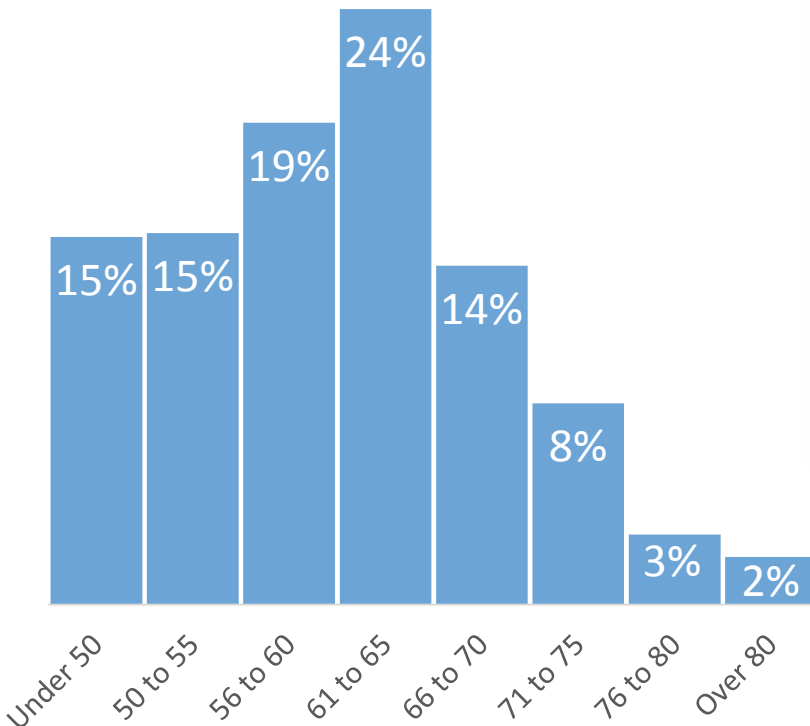
11.2

Avg. Deferral
Period (Years)

Age distributions based on Q1-Q3 2015 new premium
Average age based on number of contracts sold Q1-Q3 2015

DEFERRED INCOME ANNUITY NONQUALIFIED BUYERS

Guaranteed
Income



60.5
Average Age

\$168k
Average Initial
Premium

7.2
Avg. Deferral
Period (Years)

Age distributions based on Q1-Q3 2015 new premium
Average age based on number of contracts sold Q1-Q3 2015