

Indexed Annuity Buyers Metrics

A look at who is buying and why individuals are turning to indexed annuities



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

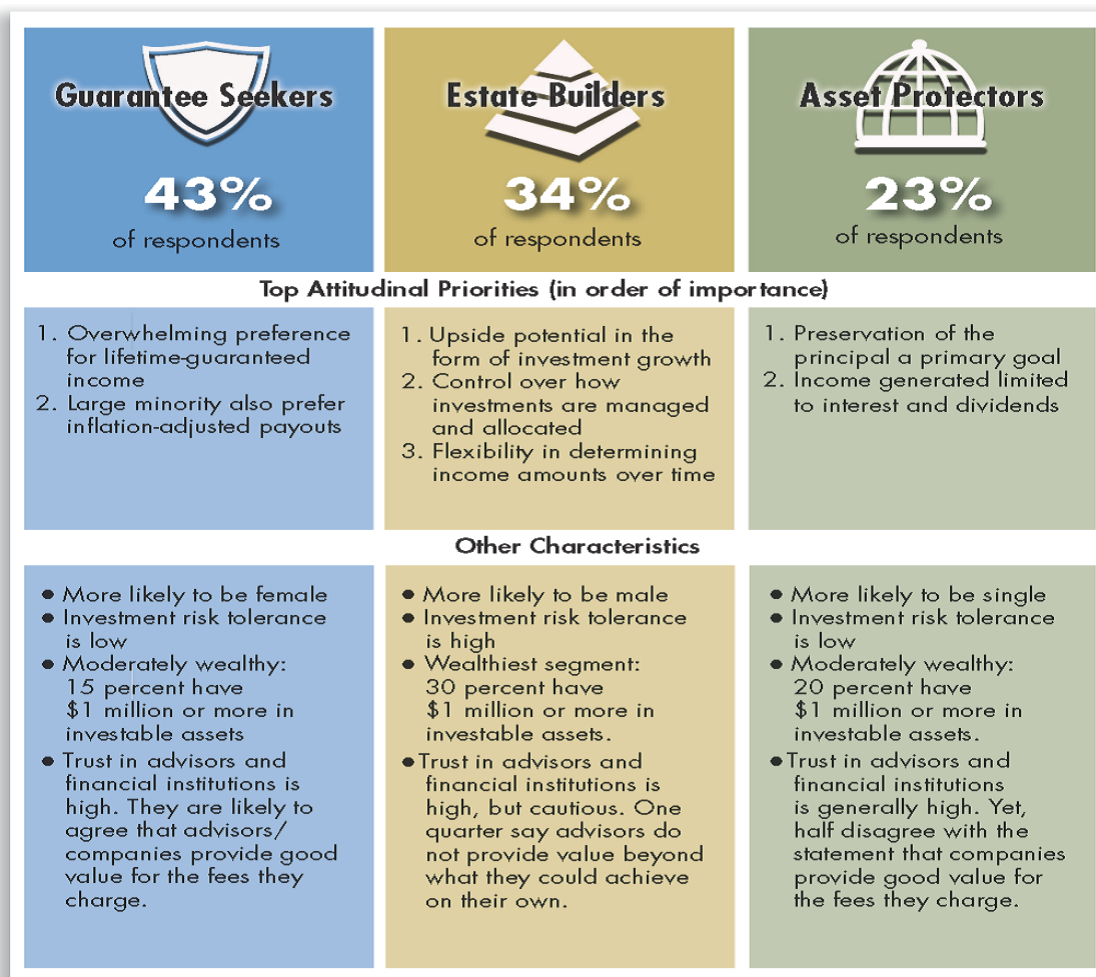
Individuals are turning to annuity products to help solve many of the uncertainties involved in retirement planning. A majority of individuals purchasing annuities are seeking guaranteed lifetime income solutions to supplement pension and/or Social Security income.

This report provides insight into **indexed** annuity buyers looking at 2015 retail new premiums. Thirty companies participated in this report, representing 90 percent of 2015 retail indexed 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.

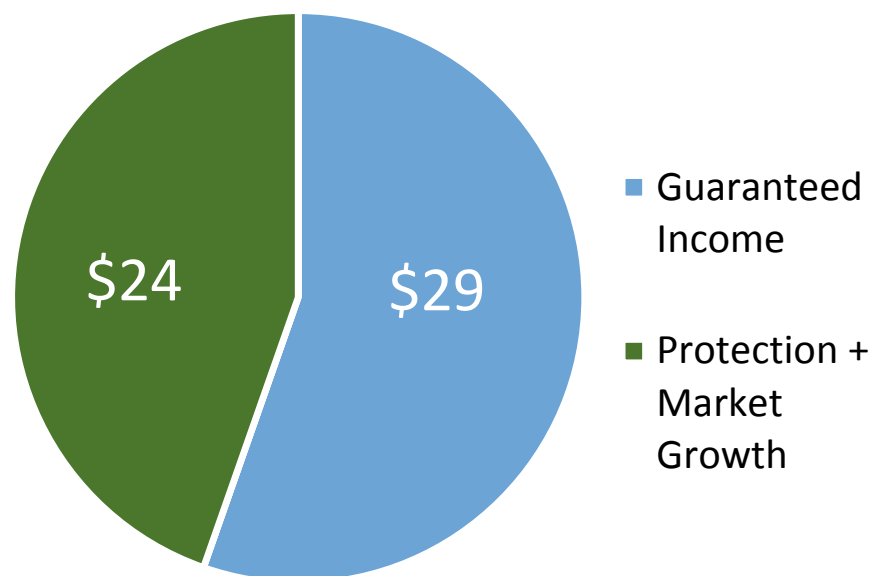


Source: *A New Perspective on Retirement Planning, Affluent Investors Market Segmentation* LIMRA Secure Retirement Institute, 2015.

JUST OVER HALF OF INDEXED ANNUITY SALES ARE FOCUSED ON GUARANTEED INCOME

The popularity of indexed annuities has continued to grow, driven by attractive features of guaranteed lifetime income as well as protected growth features. Over the past few years indexed crediting strategies have evolved, driving accumulation focused sales.

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.

INDEXED ANNUITIES BUYER HIERARCHY

Indexed Annuity Buyers	
62.7	\$112k
Average Age	Avg. Premium

Indexed Guaranteed Living Benefit (GLB) Buyers	
62.6	\$117k
Average Age	Avg. Premium

Indexed non-GLB Buyers	
62.7	\$107k
Average Age	Avg. Premium

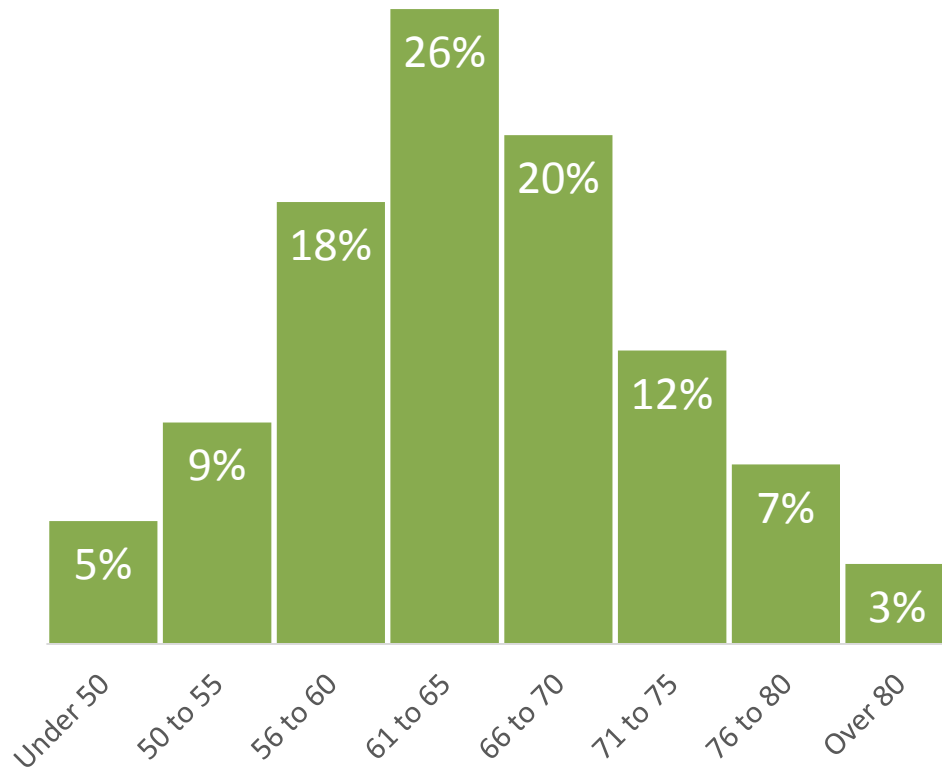
Indexed GLB IRA Buyers	
61.5	\$118k
Average Age	Avg. Premium

Indexed GLB Nonqualified Buyers	
65.0	\$115k
Average Age	Avg. Premium

Indexed non-GLB IRA Buyers	
60.4	\$99k
Average Age	Avg. Premium

Indexed non-GLB Nonqualified Buyers	
66.0	\$117k
Average Age	Avg. Premium

INDEXED ANNUITY BUYERS



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



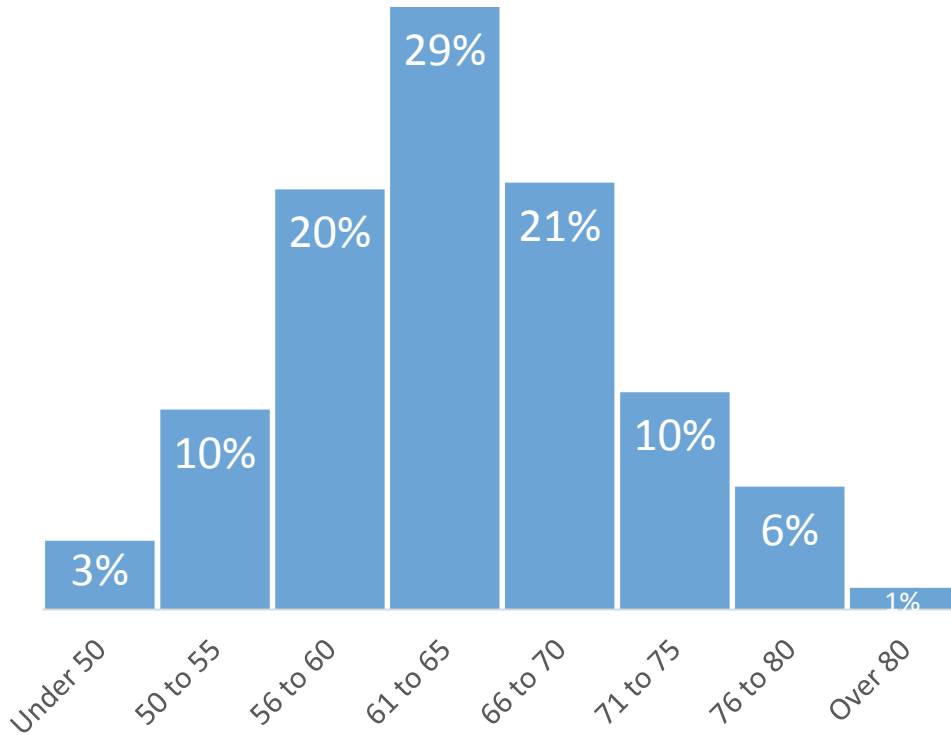
62.7
Average Age

\$112k
Average Initial
Premium

24% Overall Retail Annuity Sales



INDEXED ANNUITY – GUARANTEED LIVING BENEFIT (GLB) BUYERS



62.6

Average Age

\$117k

Average Initial Premium

55% Retail Indexed Annuity Sales

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



INDEXED ANNUITY – IRA GLB BUYERS

- These buyers are more risk averse than VA buyers and are looking to guarantee their principal while accumulating.
- These buyers may not have extensive retirement assets and are purchasing to alleviate concerns about running out of money in retirement.
- Displays Guarantee Seeker and Asset Protector characteristics



61.5

Average Age

\$118k

Average Initial
Premium

40%

Retail Indexed
Annuity Sales



INDEXED ANNUITY – NONQUALIFIED GLB BUYERS

- These buyers are more conservative and are seeking to guarantee their principal while growing their after tax assets.
- Displays Guarantee Seeker and Asset Protector characteristics.



65.0

Average Age

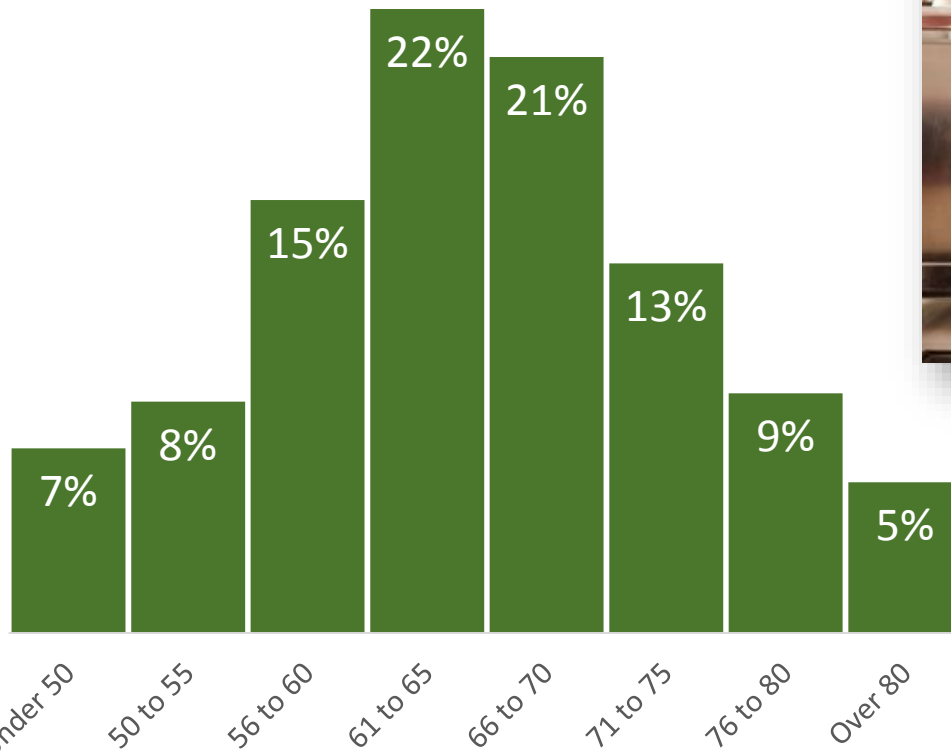
\$115k

Average Initial
Premium

15%

Retail Indexed
Annuity Sales

INDEXED ANNUITY – NON-GLB BUYERS



62.7

Average Age

\$107k

Average Initial
Premium

45% Retail Indexed Annuity Sales

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



INDEXED ANNUITY – IRA BUYERS (NON-GLB)

- As individuals near retirement, a fear for many is experiencing a large investment loss just beforehand.
- These buyers may be shying away from income guarantees at this age due to concerns around inflation and locking in potentially lower returns.
- Displays Asset Protector characteristics



60.4

Average Age

\$99k

Average Initial
Premium

25%

Retail Indexed
Annuity Sales



INDEXED ANNUITY – NONQUALIFIED BUYERS (NON-GLB)

- These buyers are significantly older than IRA non-GLB indexed buyers, and are primarily focused on protected growth and tax deferral benefits.
- Displays Asset Protector characteristics



66.0

Average Age

\$117k

Average Initial
Premium

20%

Retail Indexed
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 indexed annuities?

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

