

Variable Annuity Buyers Metrics

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



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

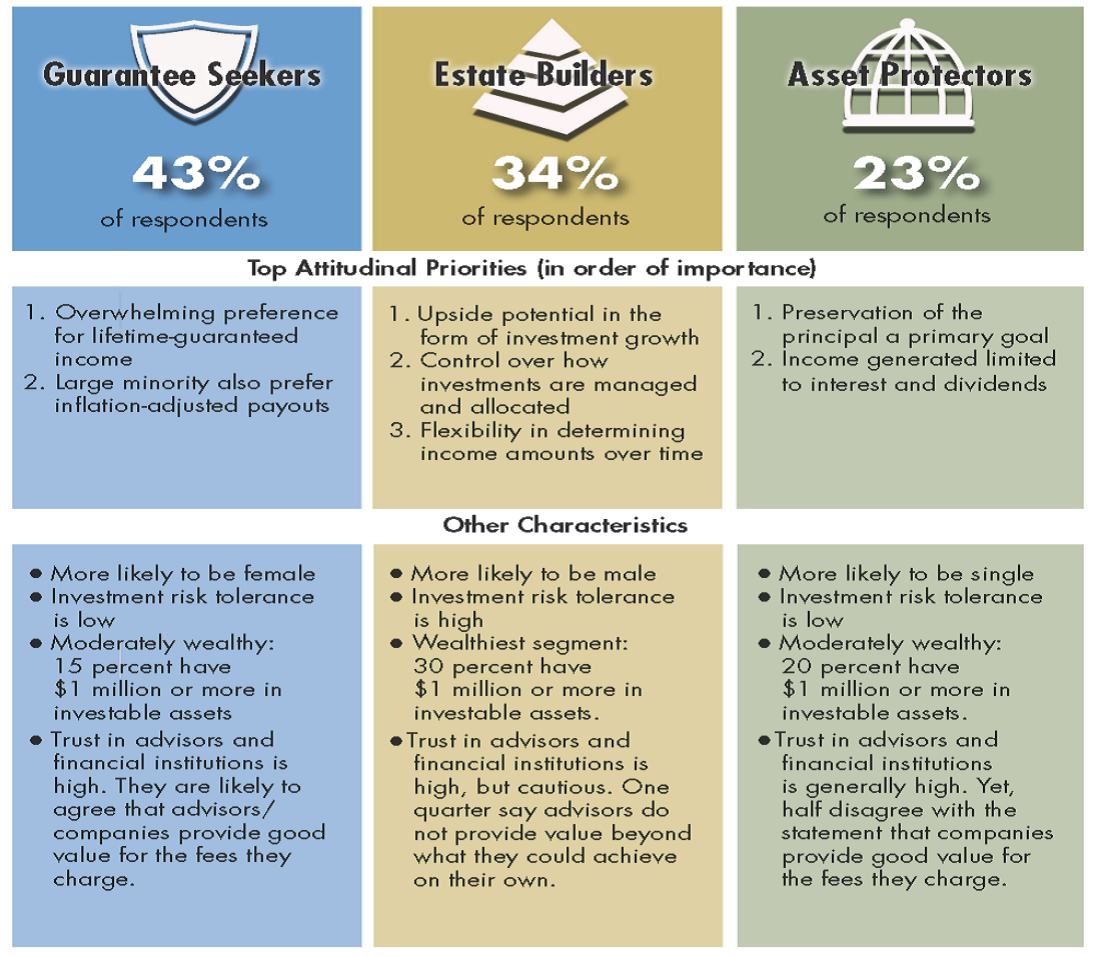
Individuals are turning to annuity products to help solve many of the uncertainties involved in retirement planning. A majority of individuals purchasing annuities are seeking guaranteed lifetime income solutions to supplement pension and/or Social Security income.

This report provides insight into **variable** annuity buyers looking at 2015 retail new premiums. Thirty-four companies participated in this report, representing 87 percent of 2015 retail variable annuity sales.



INDIVIDUALS HAVE DIFFERENT PRIORITIES IN RETIREMENT

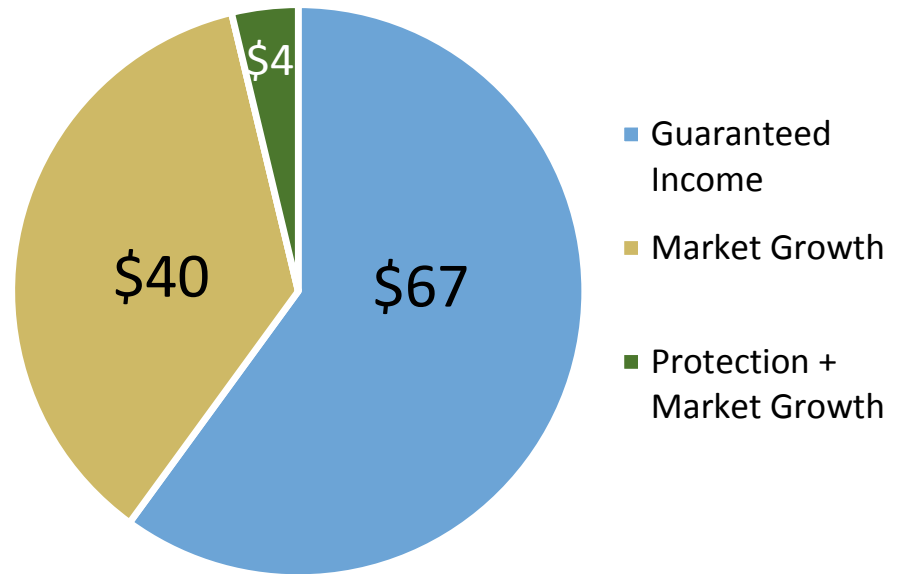
A recent LIMRA Secure Retirement Institute Study found that individuals have different priorities in retirement. Many are seeking the guarantee of lifetime income while others are looking to grow and protect their assets.



A MAJORITY OF VARIABLE ANNUITY SALES ARE FOCUSED ON GUARANTEED INCOME

More than half of variable annuity buyers in 2015 turned to variable annuities for their guaranteed income benefits, while others were attracted to accumulation benefits, or the combination of some protection with market growth potential.

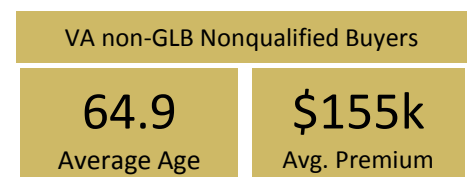
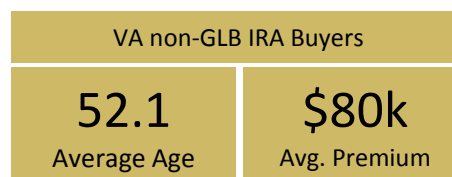
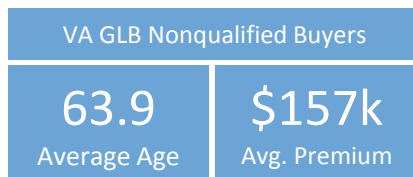
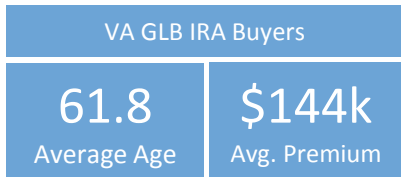
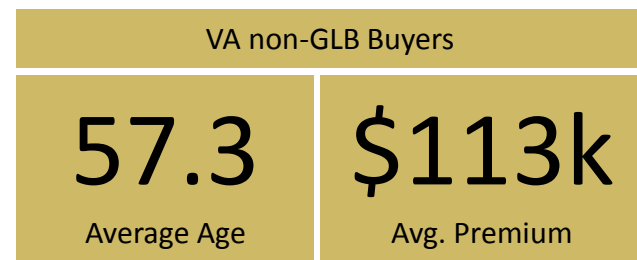
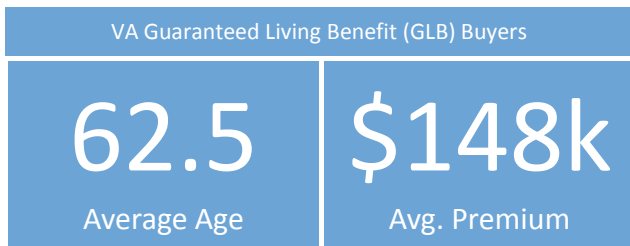
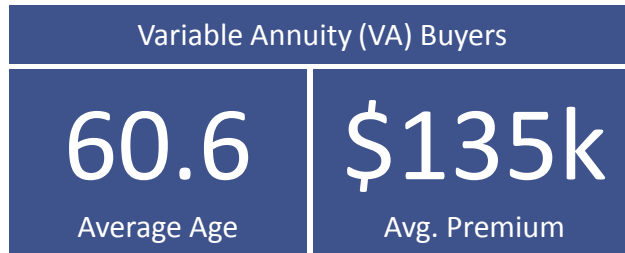
2015 Retail Variable Annuity Market Sales by Investment Objective (in billions)



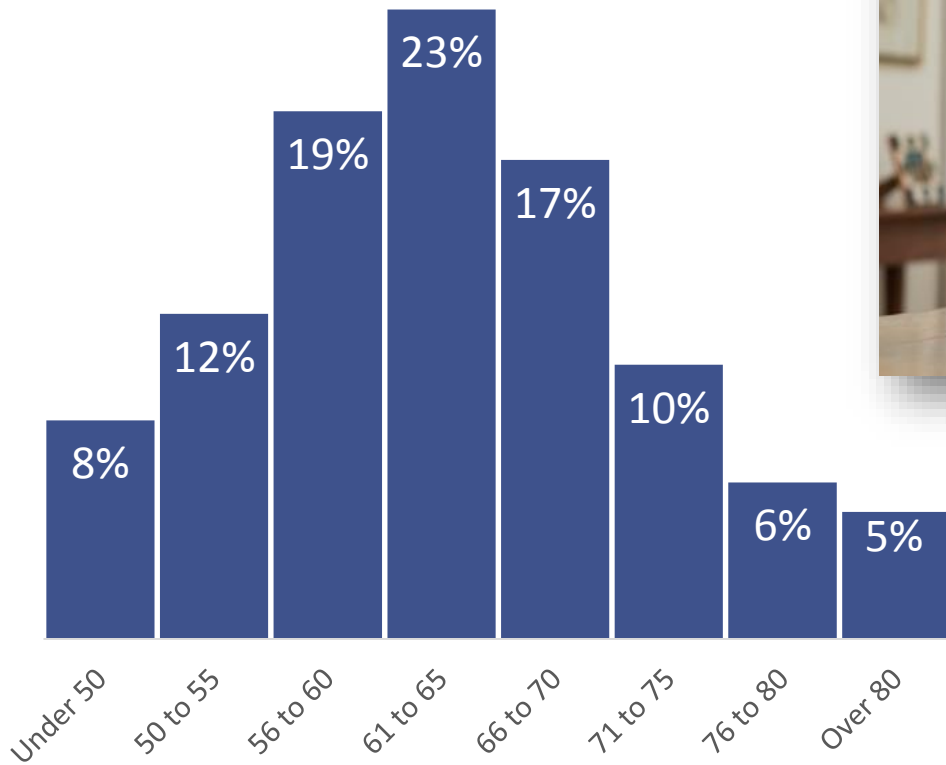
Source: U.S. Individual Annuities Sales Report, VA GLB Election Tracking Report & Indexed GLWB Election Tracking Report, LIMRA Secure Retirement Institute, 2015.

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

VARIABLE ANNUITIES BUYER HIERARCHY



VARIABLE ANNUITY BUYERS



60.6
Average Age

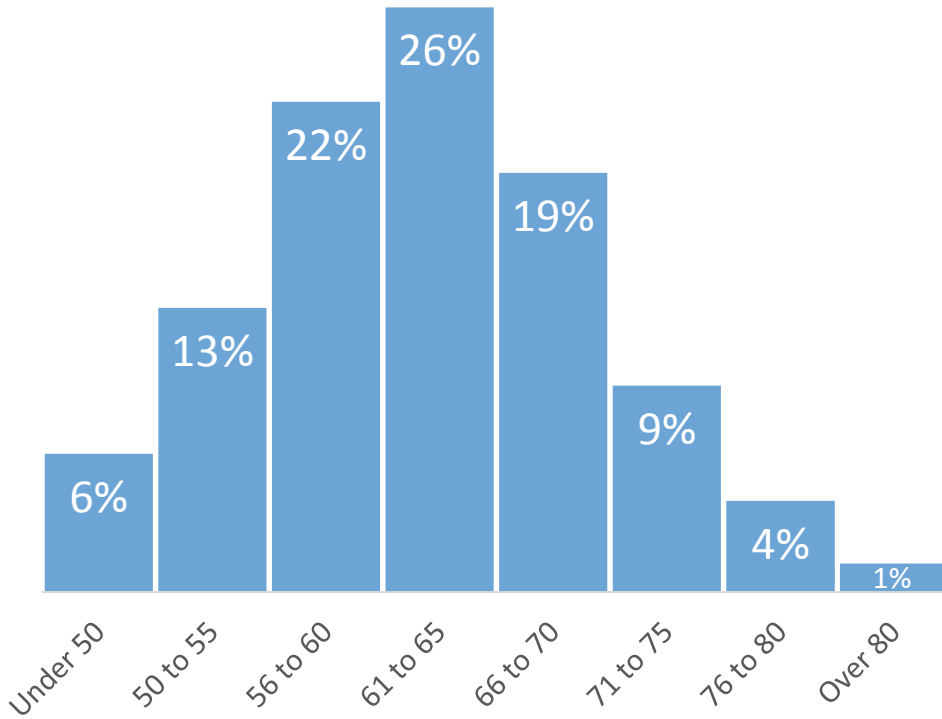
\$135k
Average Initial Premium

58% Overall Retail Annuity Sales

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



VARIABLE ANNUITY –GUARANTEED LIVING BENEFIT (GLB) BUYERS



62.5

Average Age

\$148k

Average Initial Premium

69% Retail Variable Annuity Sales

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

VARIABLE ANNUITY — GLB IRA BUYERS



- Buyers are nearing retirement and looking to guarantee future supplemental retirement income while taking some investment risk to help build their estate until then.
- Peace of mind from stable guaranteed income is attractive to these buyers.
- Displays Guarantee Seeker and Estate Builder characteristics



61.8

Average Age

\$144k

Average Initial
Premium

45%

Retail Variable
Annuity Sales

VARIABLE ANNUITY — GLB NONQUALIFIED BUYERS



- Seeking investment flexibility
- Tax deferral is a key purchasing factor
- GLB rider election is a hedge against adverse investment performance
- Displays Guarantee Seeker and Estate Builder characteristics



63.9

Average Age

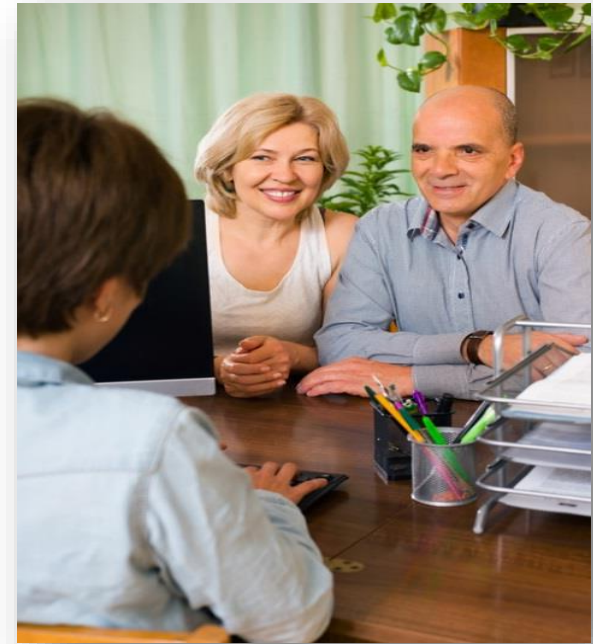
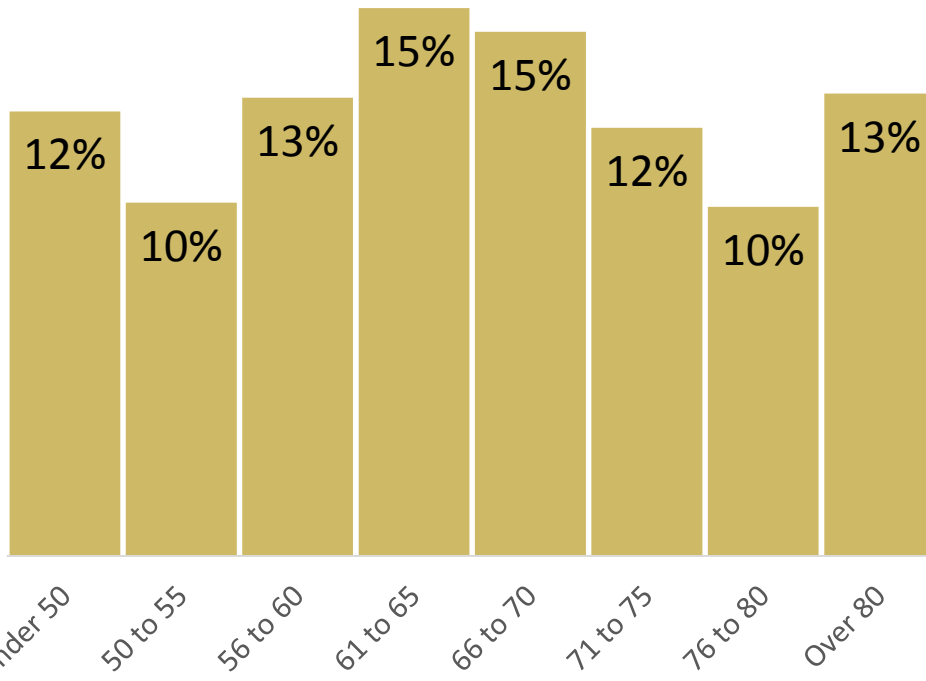
\$157k

Average Initial Premium

24%

Retail Variable Annuity Sales

VARIABLE ANNUITY — NON-GLB BUYERS



57.3

Average Age

\$113k

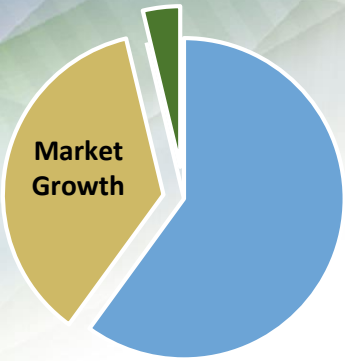
Average Initial Premium

31% Retail Variable Annuity Sales

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



VARIABLE ANNUITY — IRA BUYERS (NON-GLB)



- Buyers are much younger than other annuity buyers and most likely are job changers rolling employer plan assets to an annuity for continued retirement savings.
- Due to their younger age, the average initial premium is nearly 45 percent less than VA IRA GLB buyers.
- Growth potential and control of investment options are attractive to these buyers.
- Displays Estate Builder characteristics



52.1

Average Age

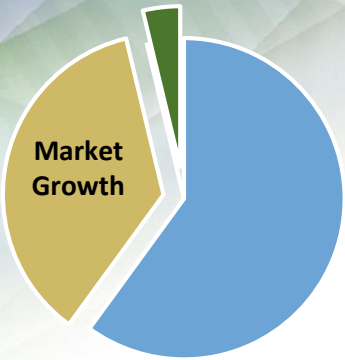
\$80k

Average Initial Premium

14%

Retail Variable Annuity Sales

VARIABLE ANNUITY — NONQUALIFIED BUYERS (NON-GLB)



- These buyers still want the potential for investment growth and control over their assets, combined with flexibility.
- Tax deferral features on investment gains is attracting a slightly older, more affluent client.
- Displays Estate Builder characteristics

64.9

Average Age

\$155k

Average Initial Premium

17%

Retail Variable 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 variable annuities?

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

