



2025 LIFE INSURANCE AND ANNUITY CONFERENCE

Reimagine Tomorrow

Annuity Sales Surge: Navigating the Next Phase





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What Are We Going to Talk About Today?

- Growing the Industry
- Current State
- Future State

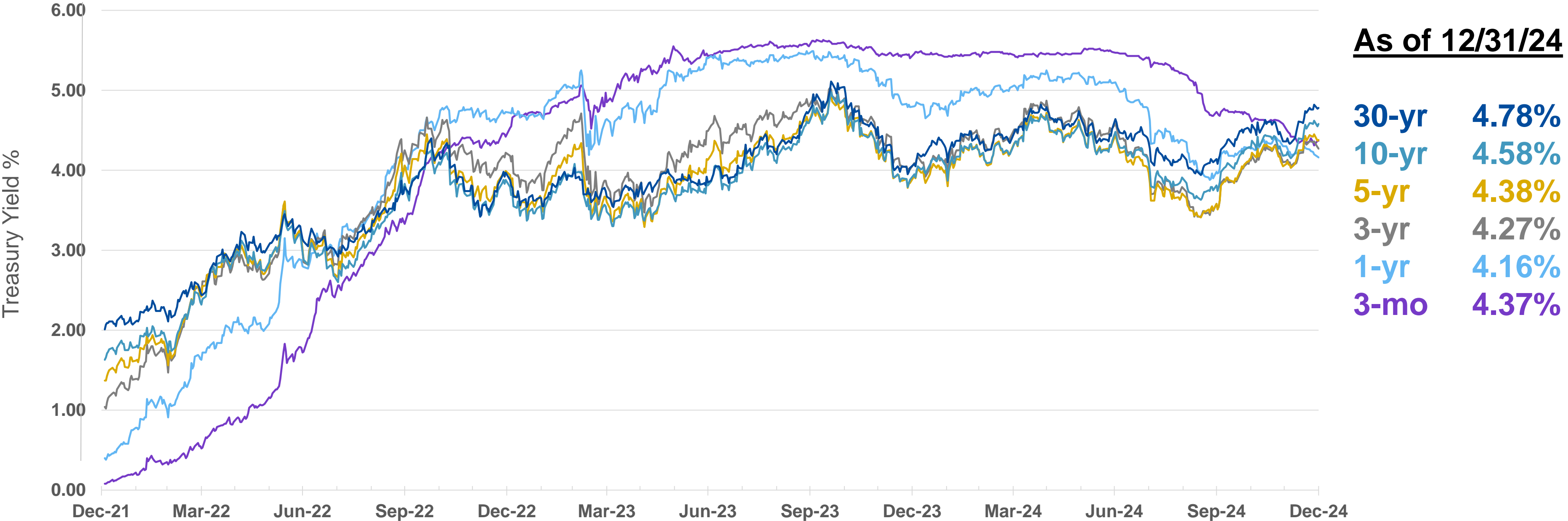


Slido Exercise

Slide Question: What type of pie is your favorite?

- Apple
- Boston cream
- Strawberry rhubarb
- Pecan
- Blueberry
- Pumpkin
- Lemon Meringue
- Whoopie
- Chicken Pot
- Shepherd's
- Natchitoches Meat
- Other

Short term Rates Decline in 2024



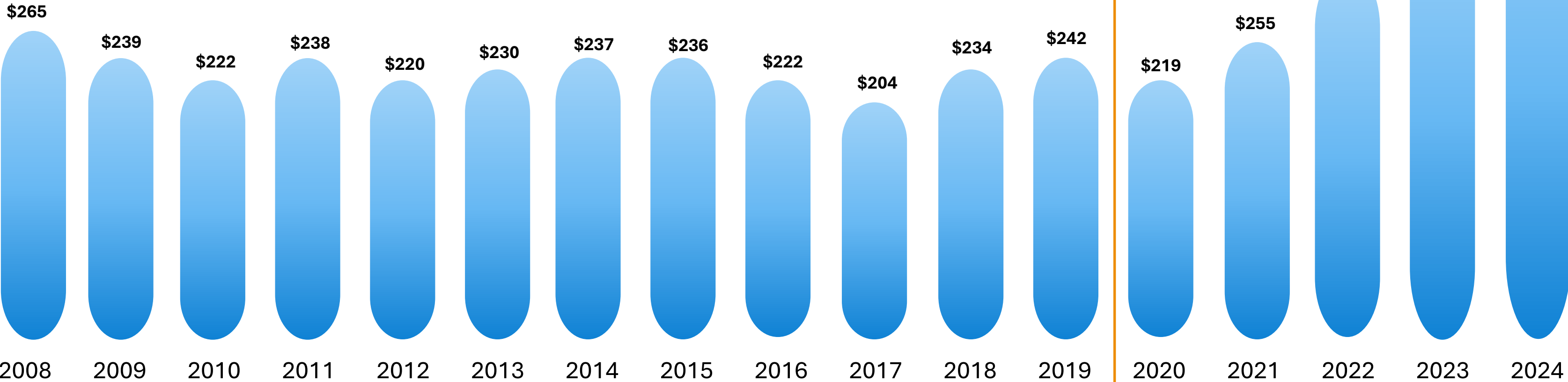
Equity Markets Set New Records in 2024

S&P 500
2020 – 2024



A Record Year for Annuity Sales...again!

- ~\$1.1 trillion in annuity sales over past 3 years
- Spread-based annuity products leading the way!

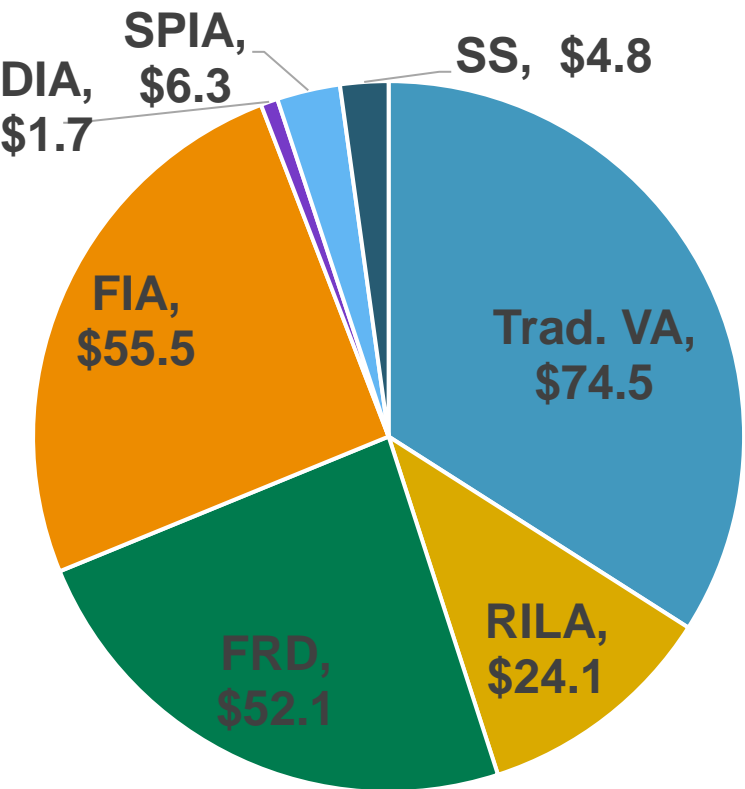


Source: LIMRA Quarterly Annuity Report; \$\$ in billions.

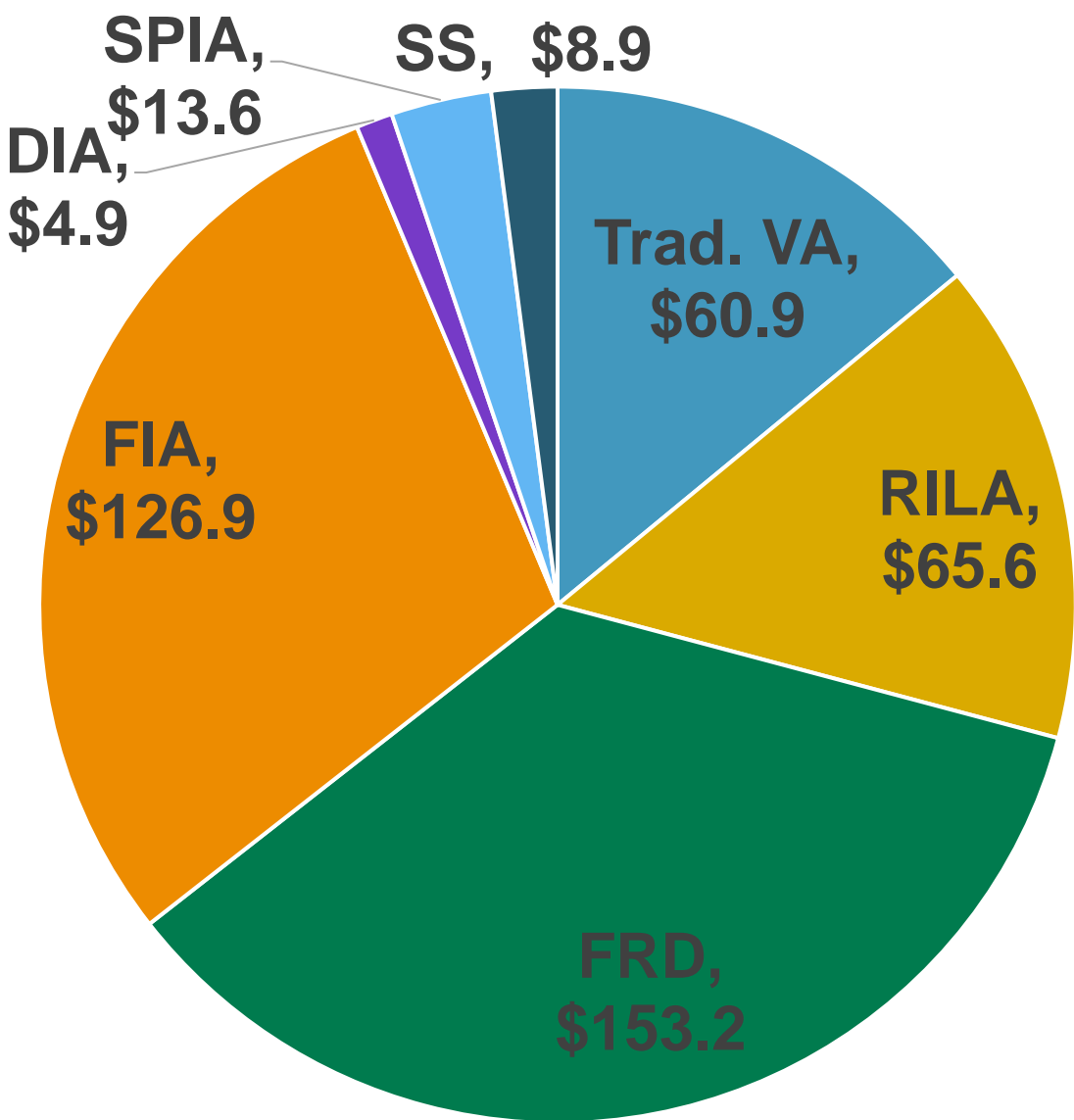


Growing the Pie – Can We Double Sales in the next 5 years?

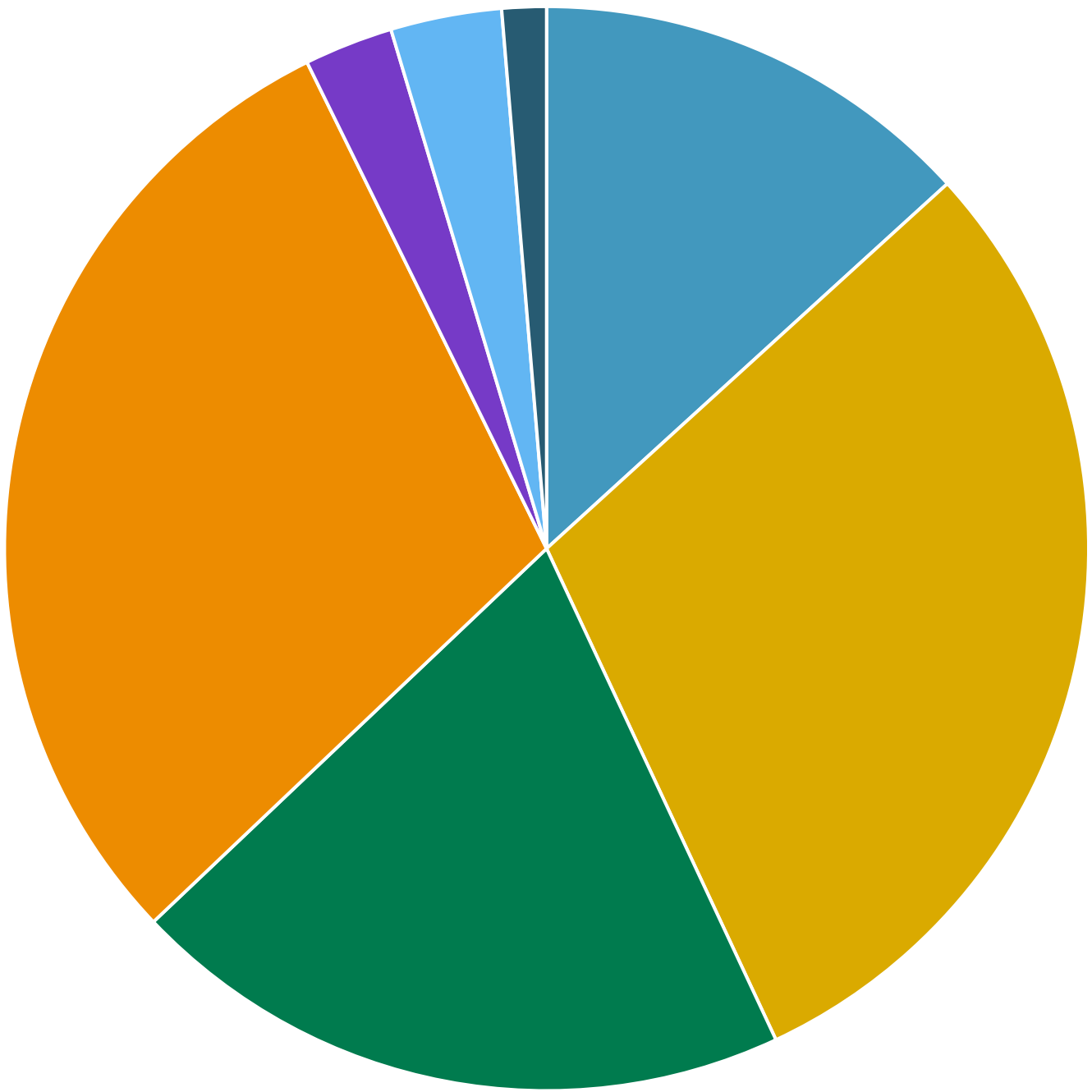
2020 Annuity Sales



2024 Annuity Sales



2029 Annuity Sales ??



Source: LIMRA Quarterly Annuity Report; \$\$ in billions.

Drivers of Annuity Growth – Tailwinds that got us here

1

Strong Interest Rates in 2024

- Fire sale activity (as short-term rates decline)
- Financial Professionals looking to “lock in” rates for clients
- Significant spread between rates and bank CDs

2

Bull Market

- Nasdaq 100 and the S&P 500 both up 20%+ in 2024
- Equity market helping drive RILAs and FIAs and increased activity around traditional VAs

3

Industry Capacity

- We have seen new PE-backed entrants into the annuity market and/or expanded product suites
- Increased focus on ways to access capital / support capital-intensive products

4

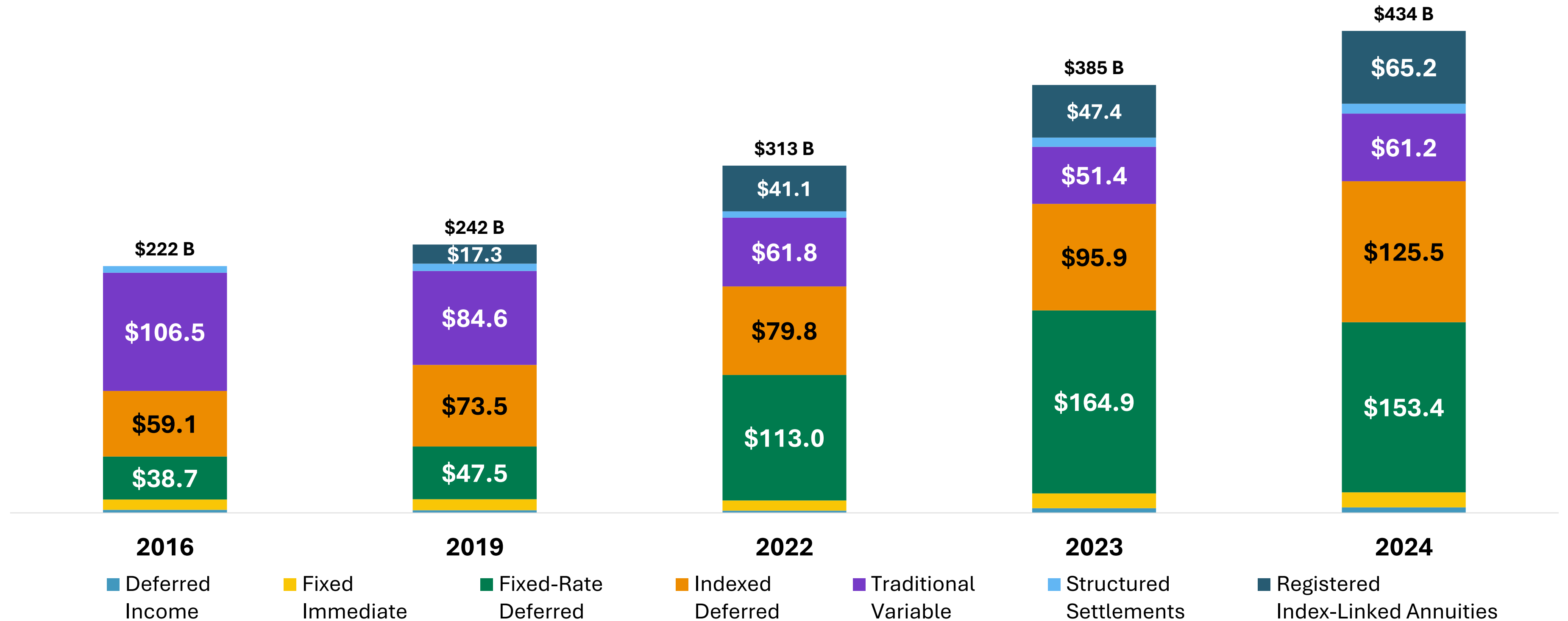
Demographics & Need for Protection

- The Annuity industry is well positioned to meet the consumer’s needs for protection, guarantees, income, and growth potential

2024 Annuity Sales Results



U.S. Annuity Sales Trend by Product



Source: LIMRA Quarterly Annuity Report; \$\$ in billions.



Index-based Products!

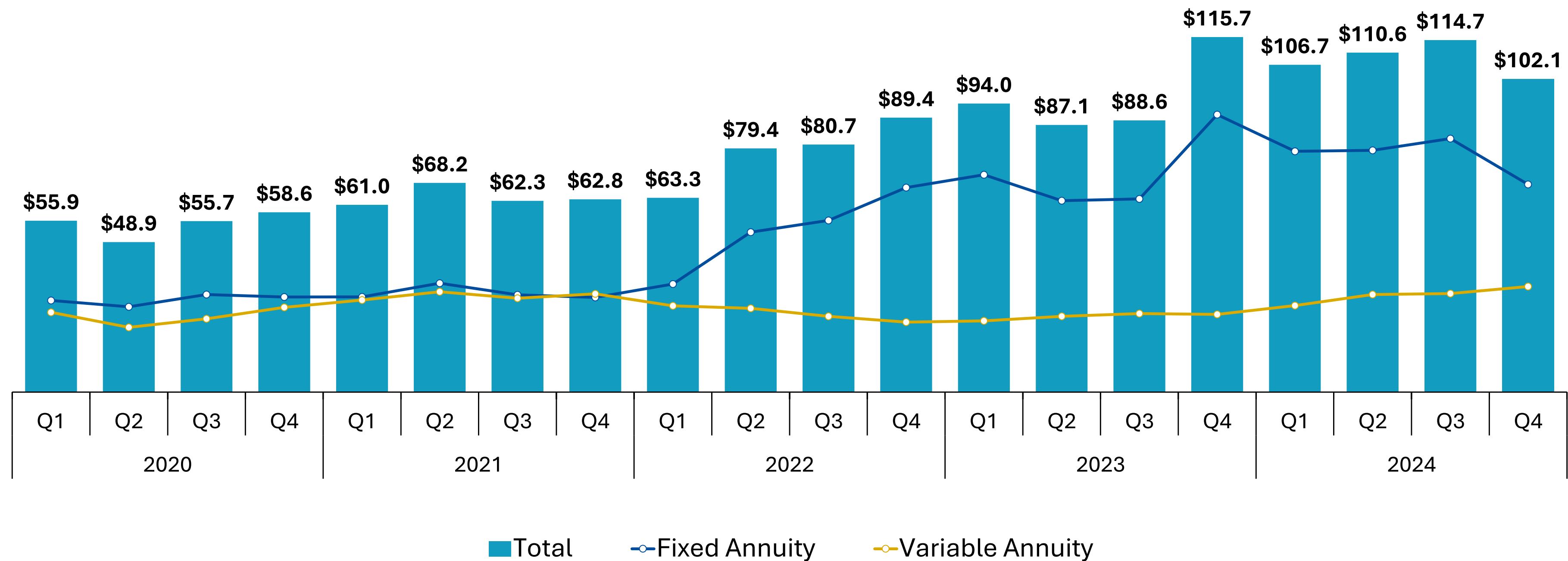


Source: LIMRA Quarterly Annuity Report; \$\$ in billions.



Quarterly Annuities Stay Strong

- 5 straight quarters of \$100b+ in sales



Source: LIMRA Quarterly Annuity Report; \$\$ in billions.



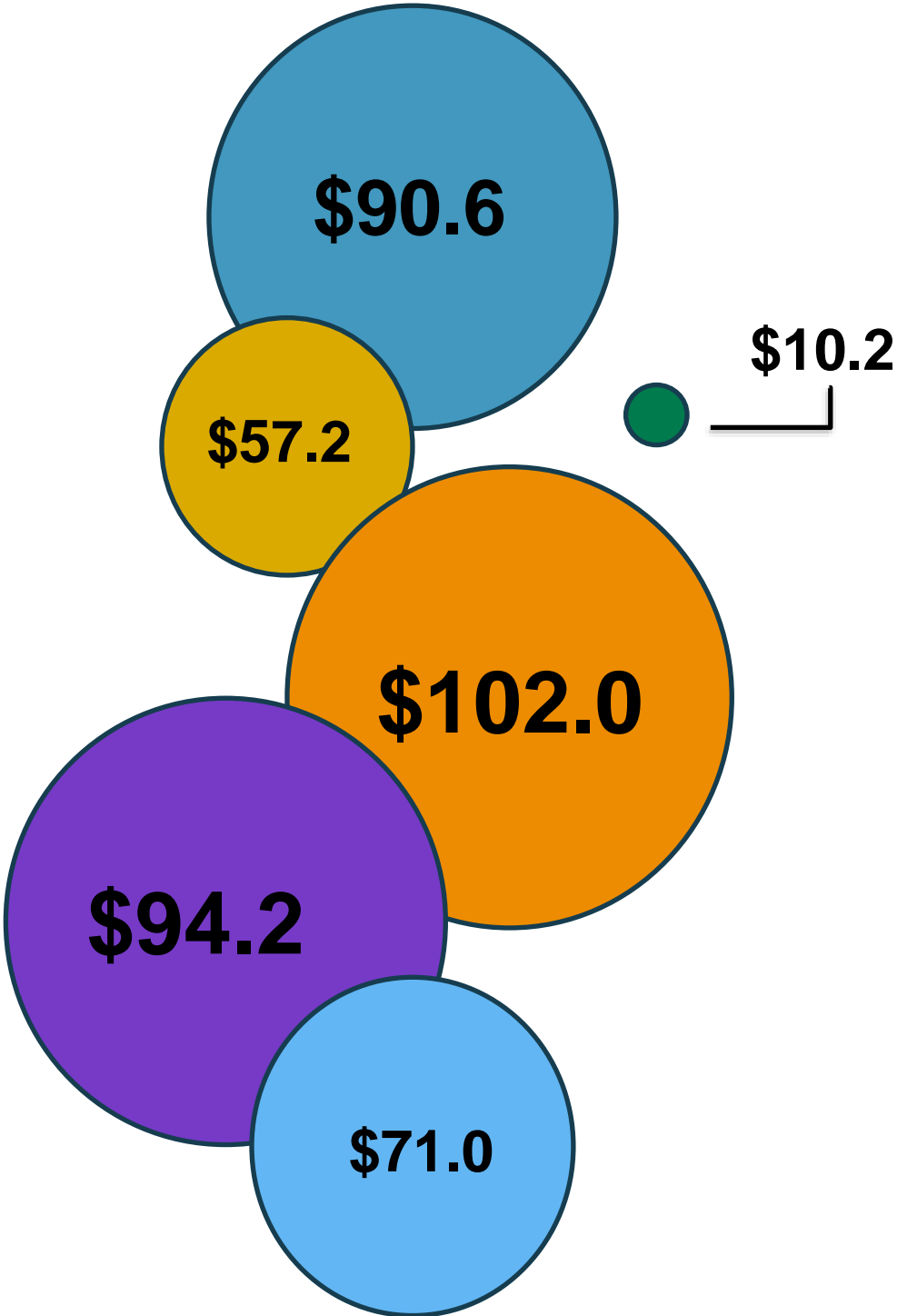
Total Annuity Sales by Distribution Channel

- Bank
- Career
- Direct
- Indep. BD
- Indep. Agent
- Full Serv. NB

2023

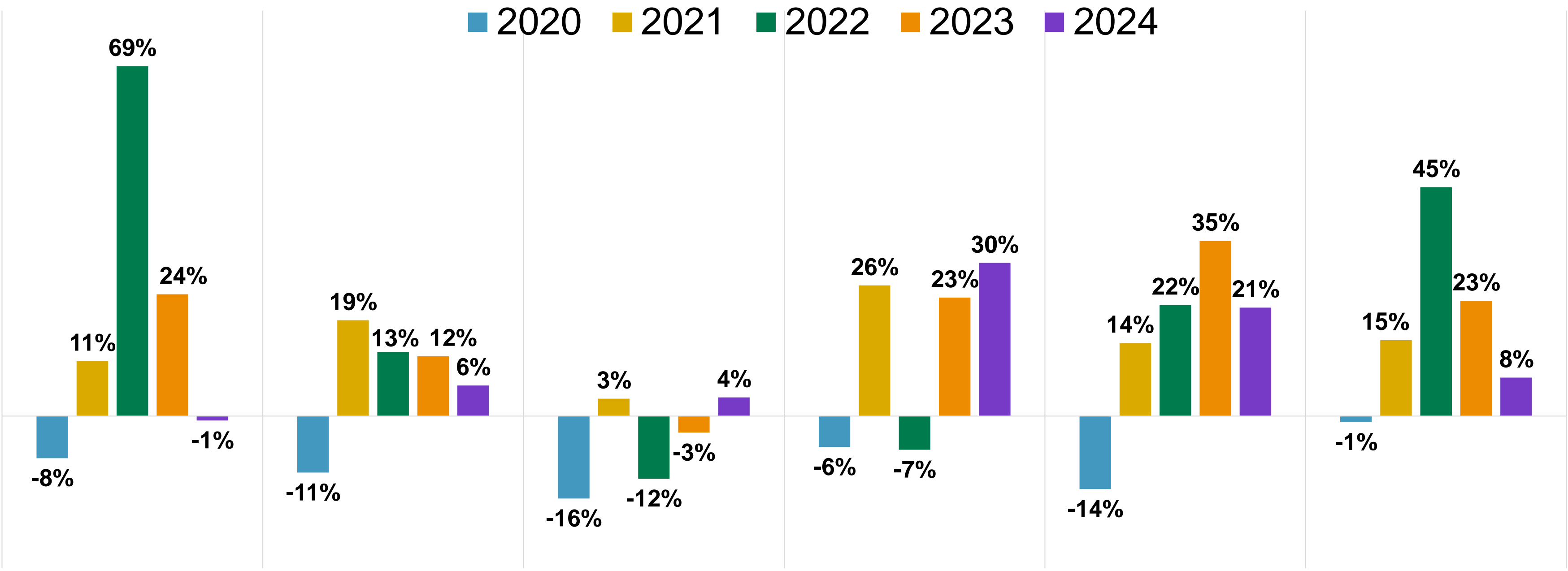


2024



Source: LIMRA Quarterly Annuity Report; \$\$ in billions.

Annuity Growth Rates by Distribution Channel



Percent of Sales (2024)					
21%	13%	2%	24%	22%	16%

Source: LIMRA Quarterly Annuity Report; \$\$ in billions.

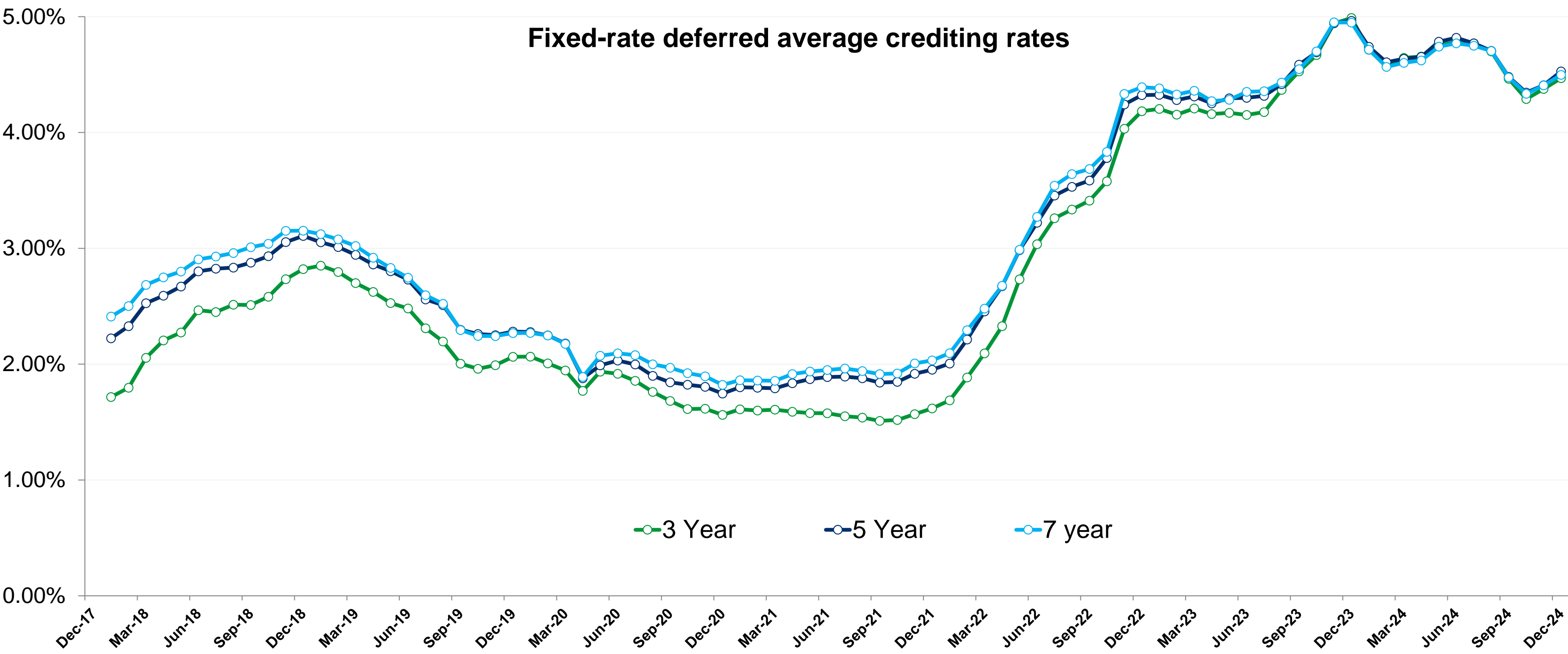




Fixed-Rate Deferred Annuities

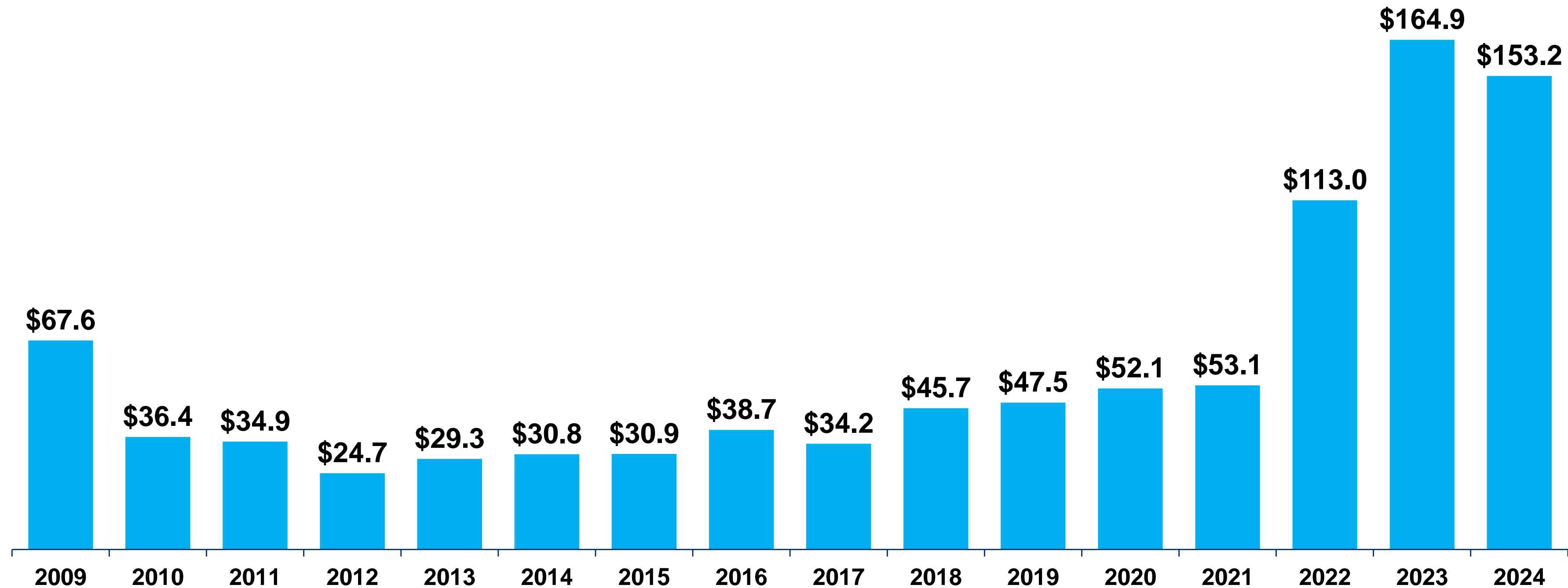


Average Crediting Rates



Strong MYGA Sales as FED rate cuts slow activity

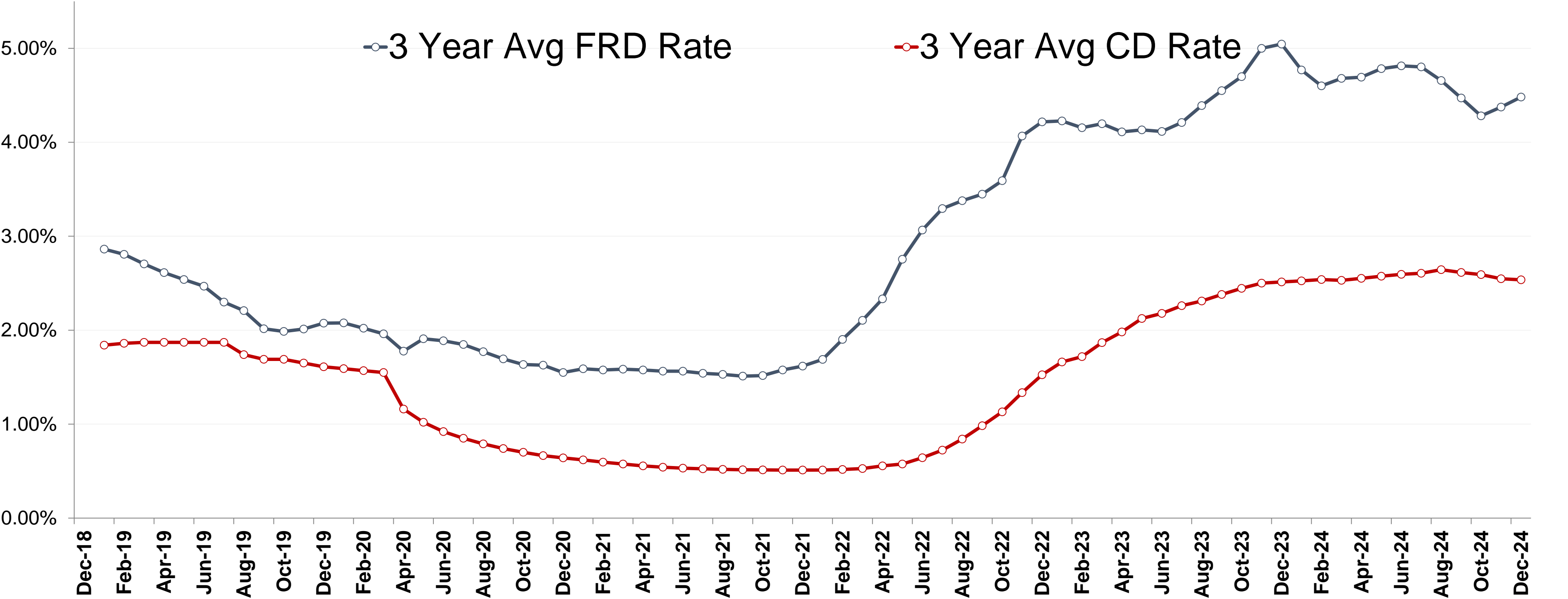
Fixed-Rate Deferred



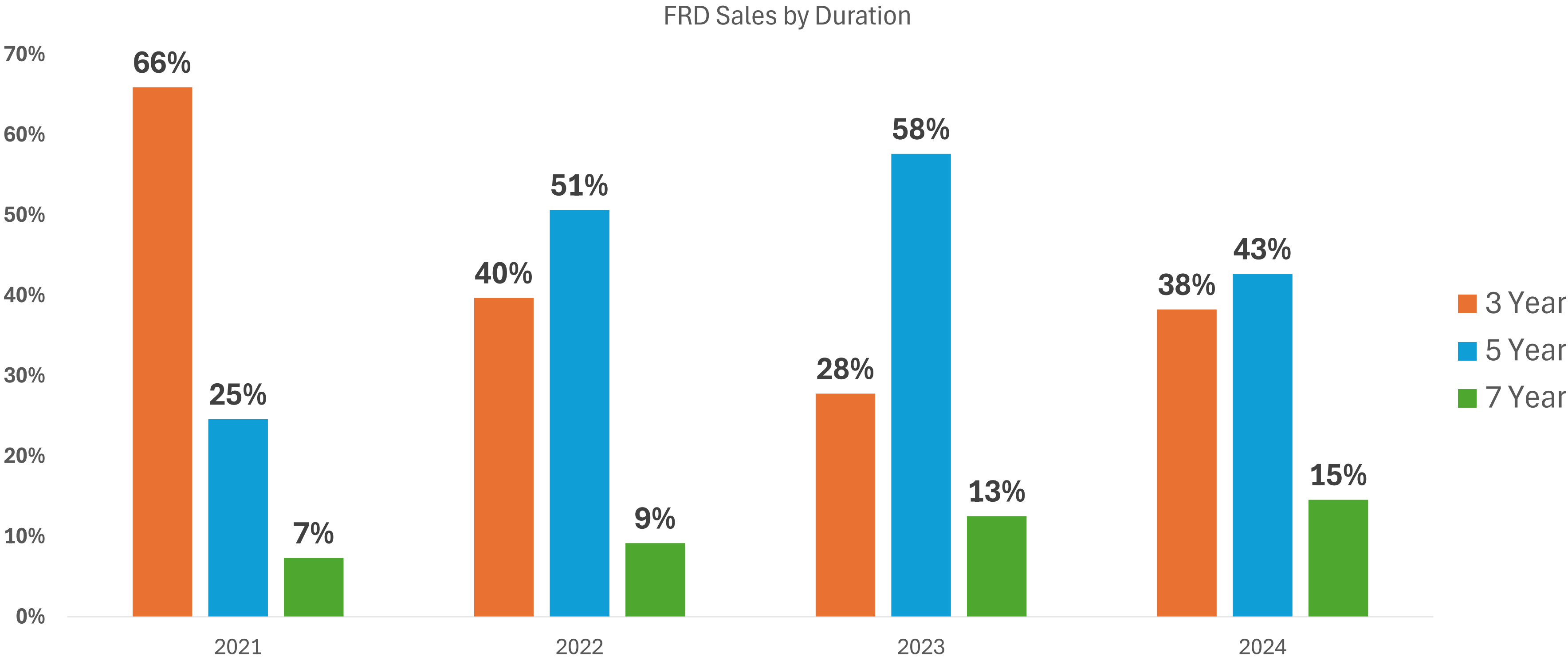
Source: LIMRA Quarterly Annuity Report; \$\$ in billions



Mind the Gap



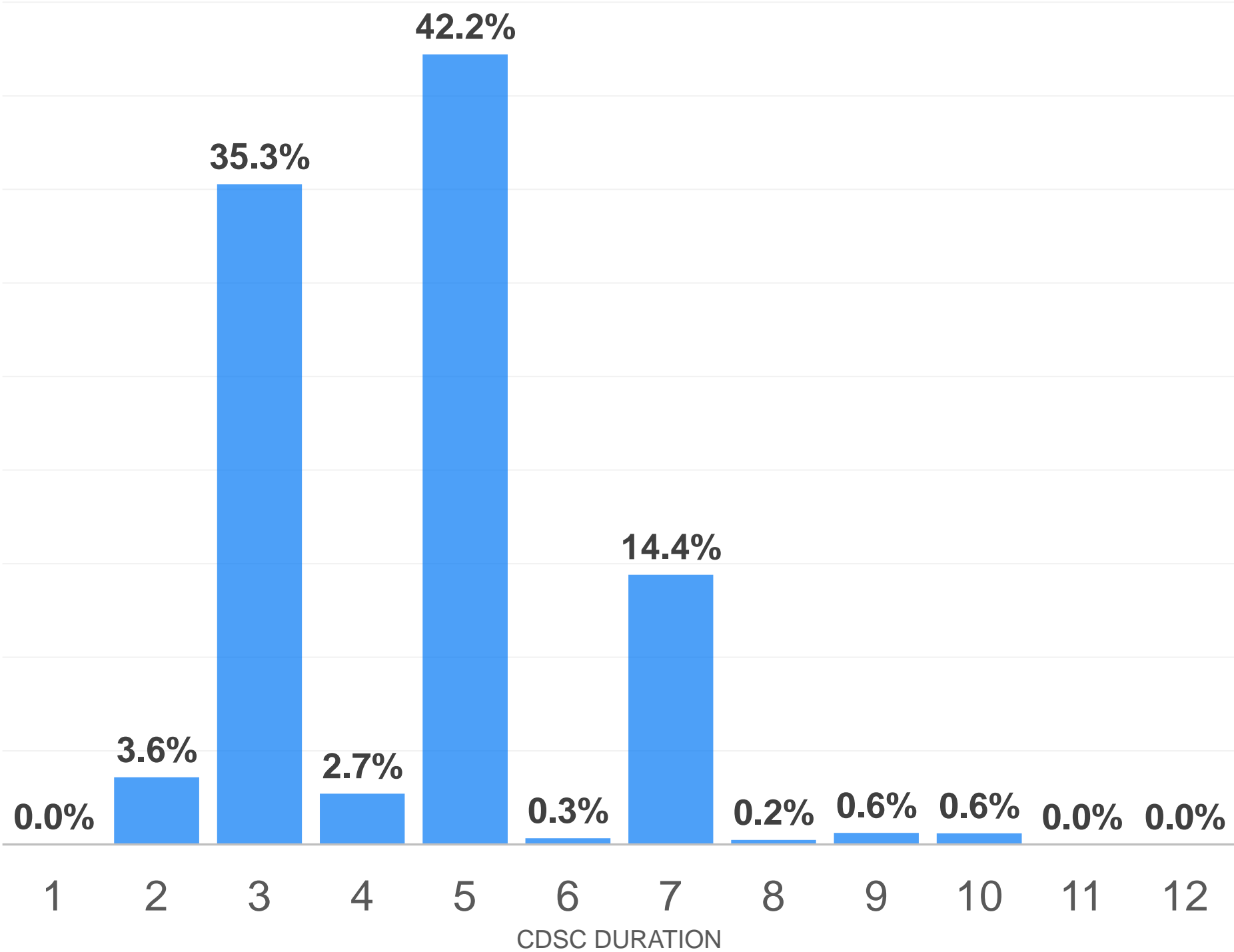
FRD Sales by Duration Trend



Source LIMRA AnnuityCompass



2024 FRD Sales by Duration



Almost 85% of FRD sales are 5 years or shorter in duration

Will FRD sales coming out of surrender in 2025-2028:

- Stay in contract?
- Internal Exchange?
- External Exchange?
- Where will the money go? (FRD, FIA, RILA, other)

Source: LIMRA Annuity Compass Data

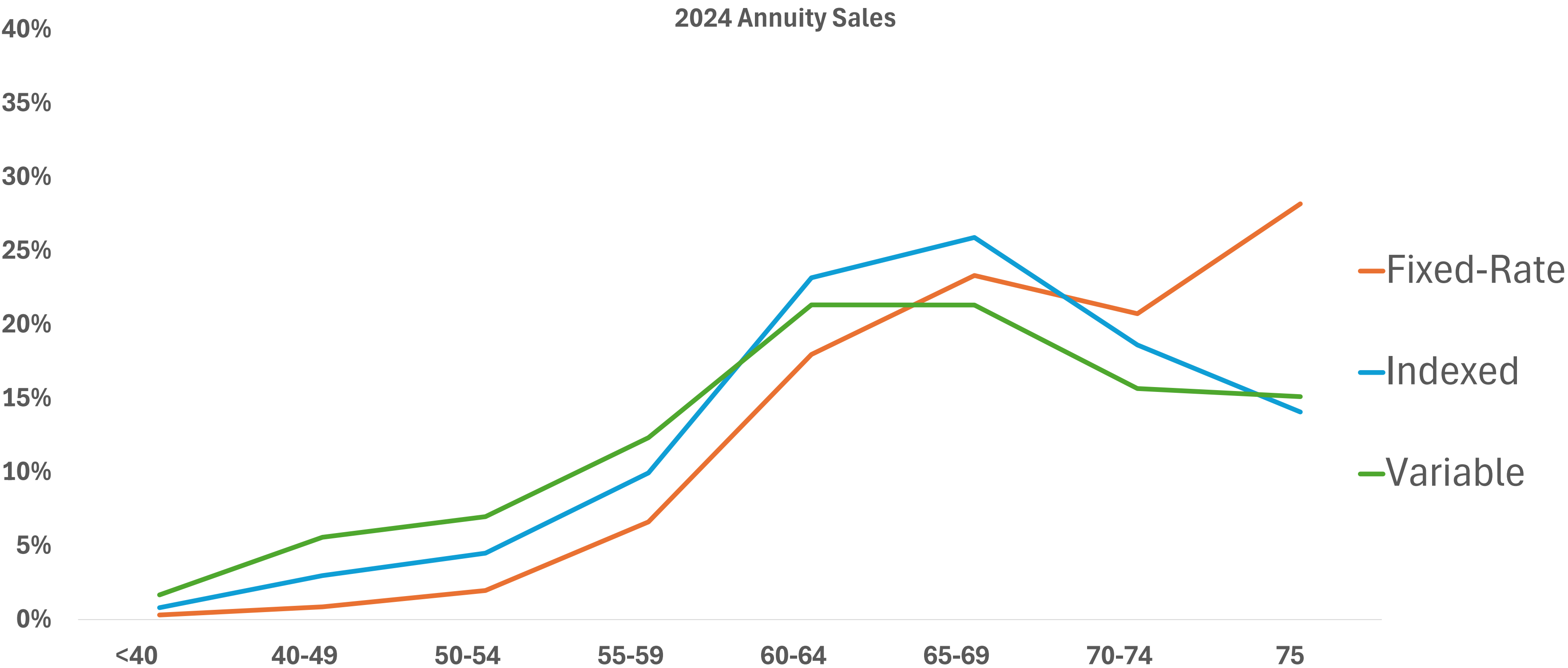
FRD Coming Due in 2025

	Duration								
Sales Year	1 Year	2 Year	3 Year	4 Year	5 Year	6-7 Year	Total Sales	Due 2025	External Transfers
2019						5%	\$47.5	\$2.4	\$0.8
2020					30%		\$52.1	\$15.6	\$5.3
2021	1%	0%	66%	0.3%	25%	7%	\$53.1	\$0.2	~\$0.1
2022	0%	0%	40%	0%	51%	9%	\$113.0	\$44.9	\$15.3
2023	0%	0.1%	28%	0%	58%	13%	\$164.9	\$0.1	~\$0
2024	0.01%	0%	38%	3%	43%	15%	\$153.2	~\$0	~\$0
								\$63.2	\$21.5

Source: US Individual Annuity Sales Survey, AnnuityCompass, Deeper Dive



Deferred Annuity Sales by Product & Age



Source: LIMRA AnnuityCompass



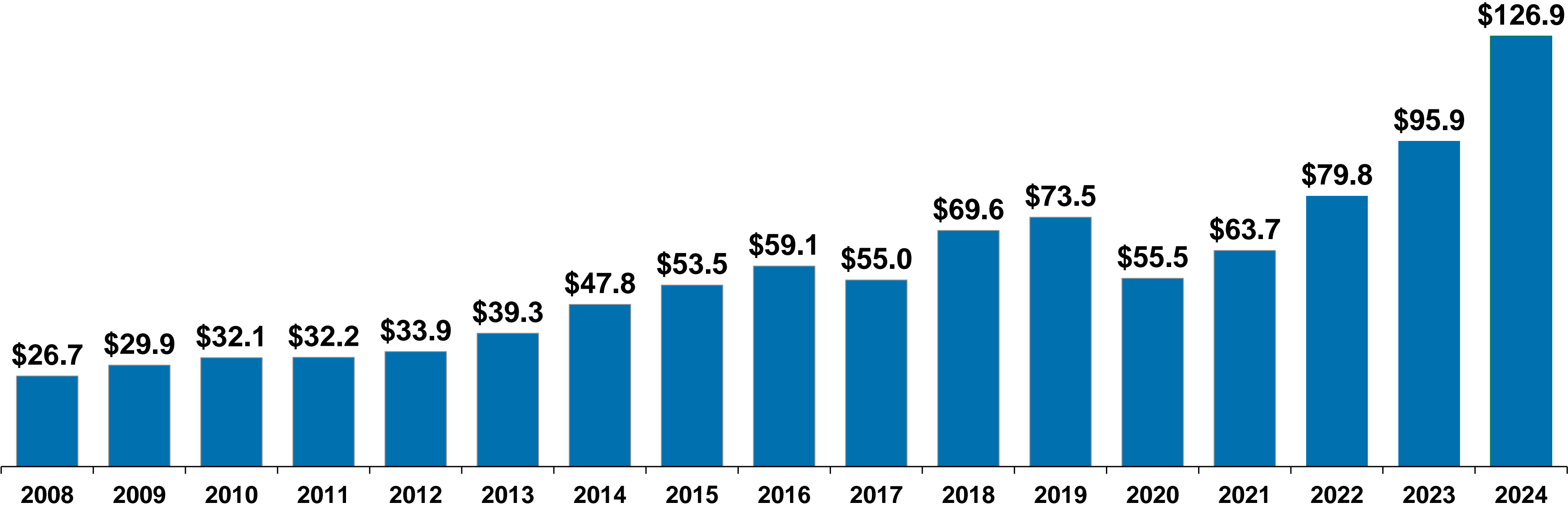


Fixed Indexed Annuities



FIAs Set New Sales Record

Fixed Indexed Annuity



Source: LIMRA Quarterly Annuity Report; \$\$ in billions.

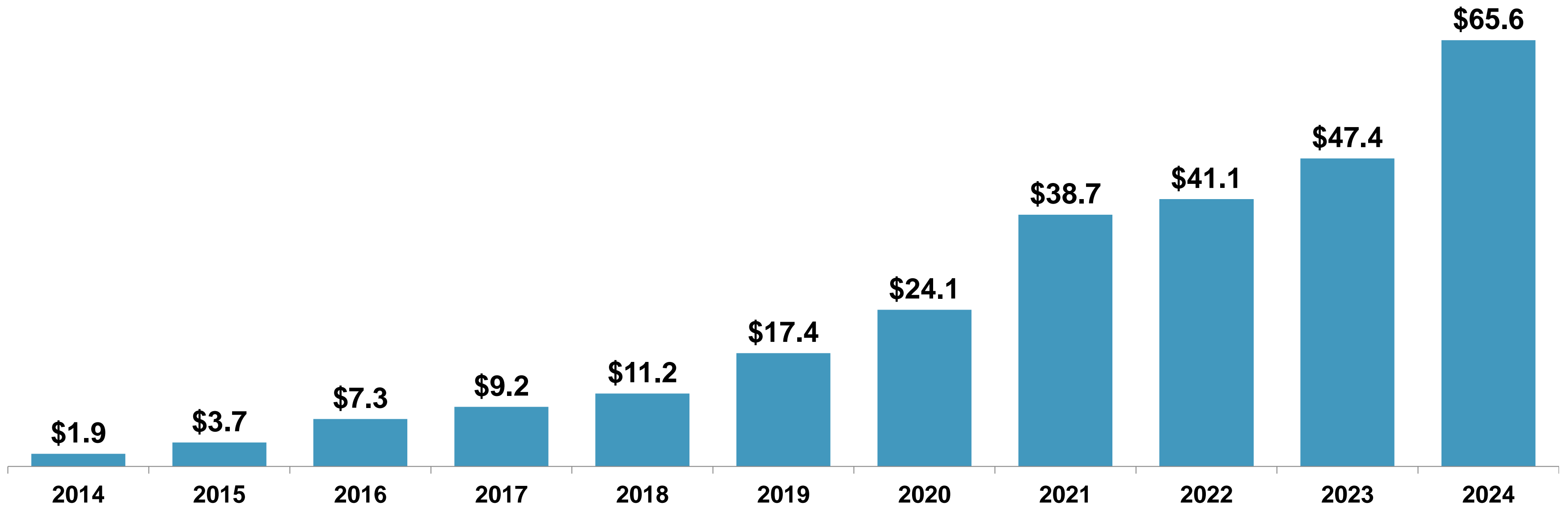


Registered Index-Linked Annuities



Continued RILA Growth

Registered Index-Linked



Source: LIMRA Quarterly Annuity Report; \$\$ in billions.

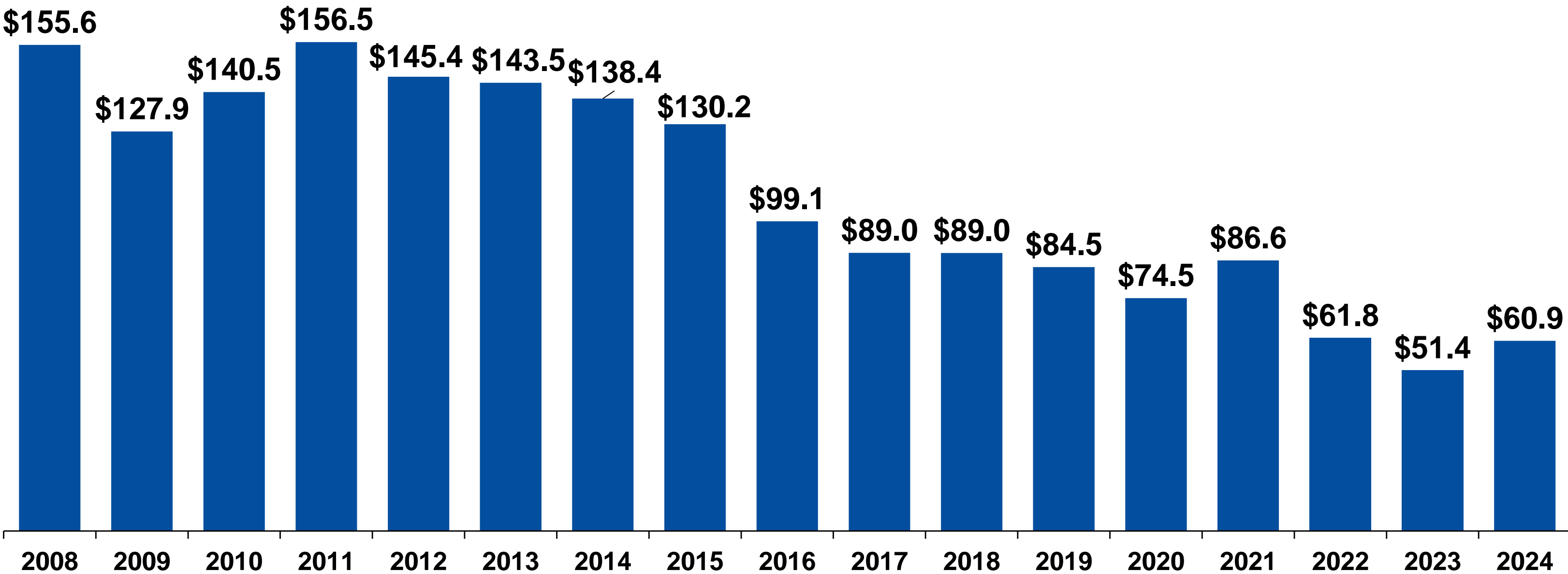


Traditional Variable Annuities



Strong Equity Market Helped VAs Shown Signs of Life

Traditional Variable Annuities



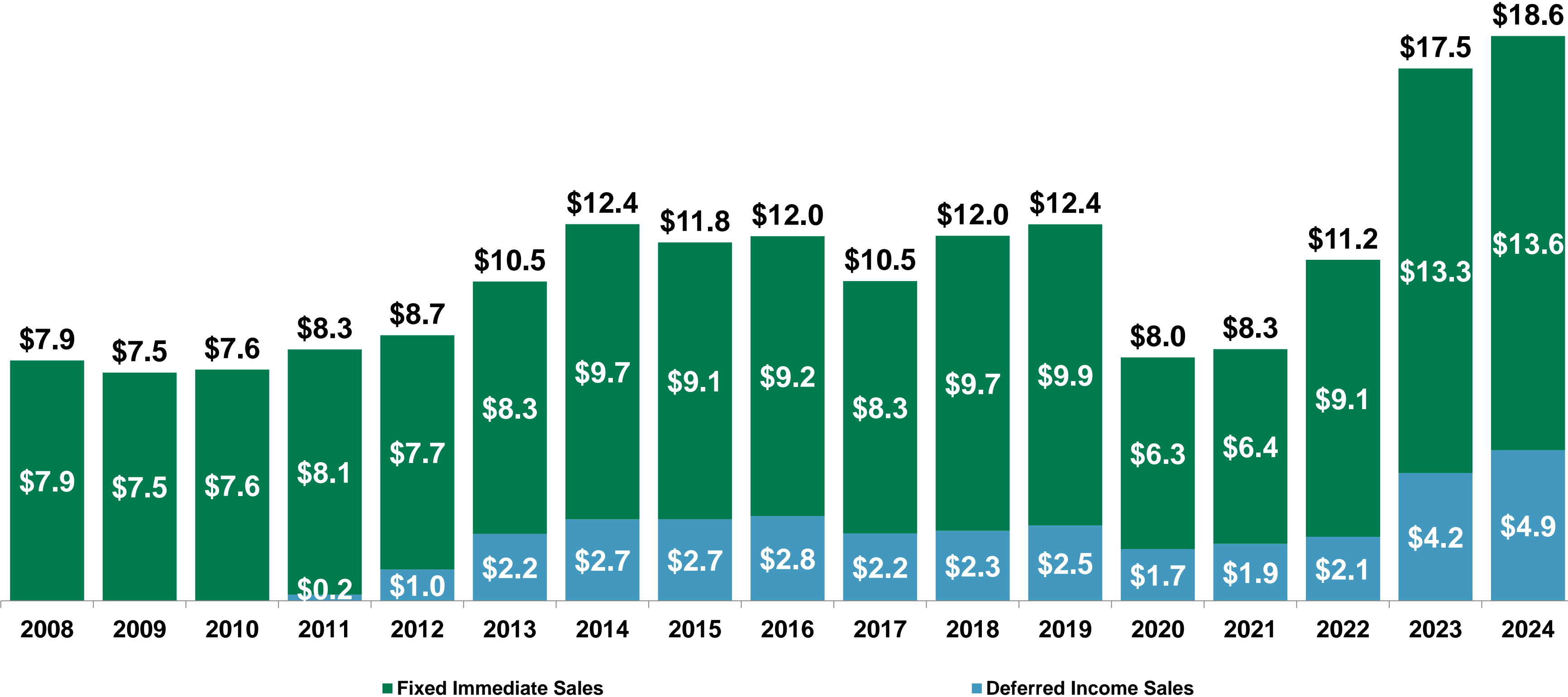
Source: LIMRA Quarterly Annuity Report; \$\$ in billions.



Income Annuities



Income Annuity Have Record Year

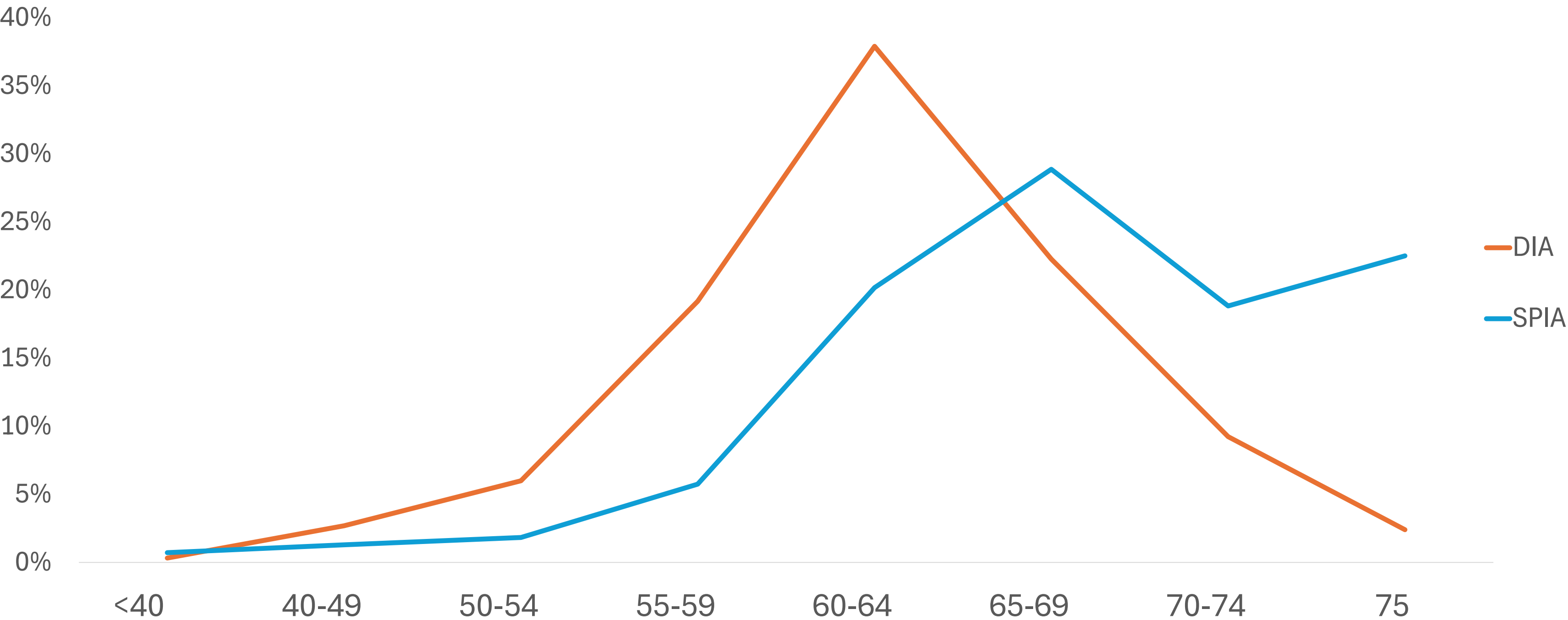


Source: LIMRA Quarterly Annuity Report; \$\$ in billions.



Income Annuity Sales by Product & Age

2024 Annuity Sales



Source: LIMRA AnnuityCompass

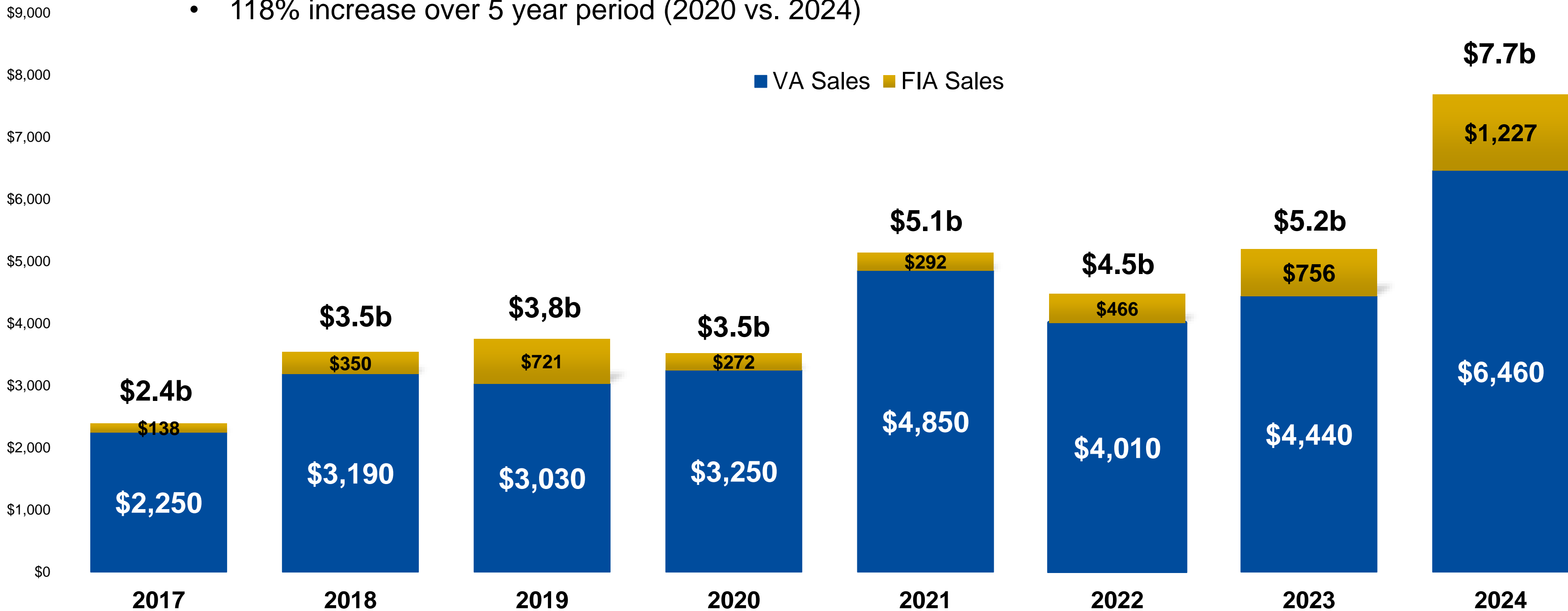


Fee-Based Annuities



Total Annuity Fee-based Sales

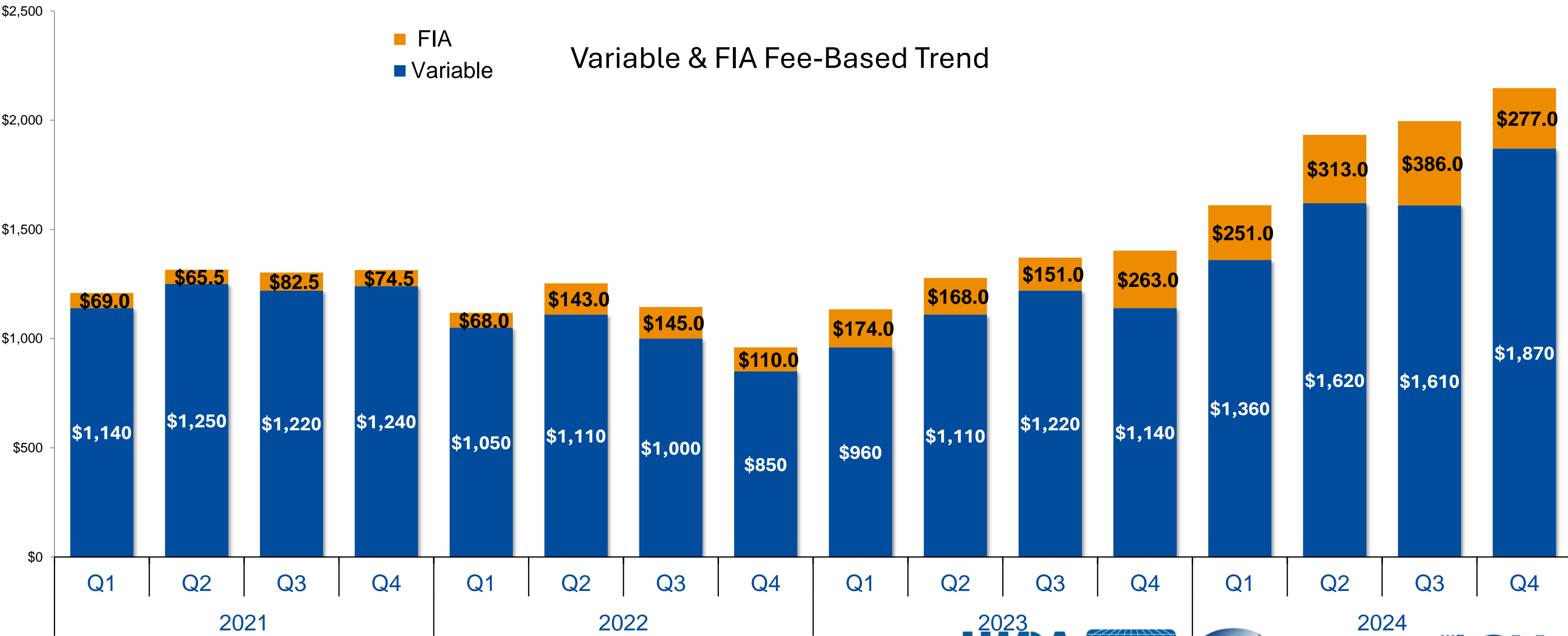
- Fee-based Annuity Sales almost reached the \$8 billion mark in 2024 sales
- FIA fee-based sales surpassed \$1b in annual sales for the first time in 2024
- 118% increase over 5 year period (2020 vs. 2024)



Source: LIMRA Quarterly Annuity Report; \$\$ in billions.



Quarterly Fee-based Annuity Sales



Source: LIMRA Quarterly Annuity Report; \$\$ in billions.



Short-term – Where is the Market Heading in 2025



Market Outlook for 2025

Potential for extreme volatility & uncertainty

- Interest Rates
- Unemployment
- Tariffs
- Housing Market
- Technology & AI
- Immigration
- Inflation



What are Annuity Companies Saying?

	Themes	Details
1	Focus on Capital Efficiency	Wide use of reinsurance (both captive and through partnerships); Pricing Discipline; Hedging Strategies; Focusing on high-return businesses
2	More balanced Mix of Products	Shift from fee-based flows to spread-based flows; VA outflows (Strong equity markets lead to out of the money benefits); Success of RILA with further focus;
3	Expansion into New Markets	Development of in-Plan annuity options; Opportunity in 401ks; Expansion of Group Retirement; Need for Innovation for Retirement Products; Simpler Product designs

	Signals	Details
1	Take Advantage of Market Dynamics	Demographics, Money In Motion; Changing customer needs for income; \$12 trillion to \$13 trillion in 401(k) investments predominantly allocated to daily liquid stock index funds; over \$7 trillion in money market fund balances
2	Product Innovation	Annuities with illiquid Equities/assets; Advisory product expansion
3	AI & Technology	Paperless Annuity Replacements; Some are testing AI to improve efficiencies or experience; Others (PE-backed firms) are thinking about it more like an investment; Investing in Data Centers
4	Expanding Distribution	Building partnerships and new distribution opportunities

Source: Financials, 4Q quarterly earnings calls



What Does This Mean?

Systemic

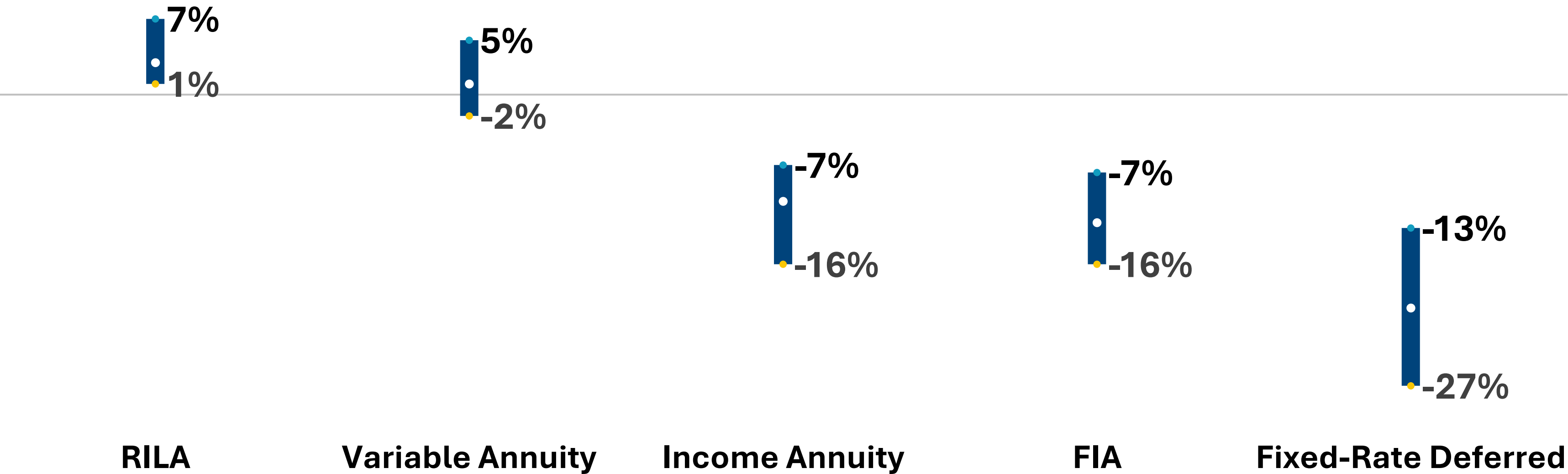
- Rates will come down further in 2025
- U.S. poised for strong economic growth in 2025
- AI innovation

Annuity Industry

- Industry sales will decline, but strong overall
- Integration of AI and technology; seamless business; speed
- Index-Based annuities as flagship products
- Growth of Fee-based annuity suite of solutions
- Tipping point for in-plan annuity options & annuity marketplaces

2025 Individual Annuity Growth Forecast

Sales Growth Projections for 2025



Source: A Future View of U.S. Annuity Sales — Rightsizing the Annuity Market: U.S. Individual Annuity Market Forecast, 2024 – 2027, LIMRA

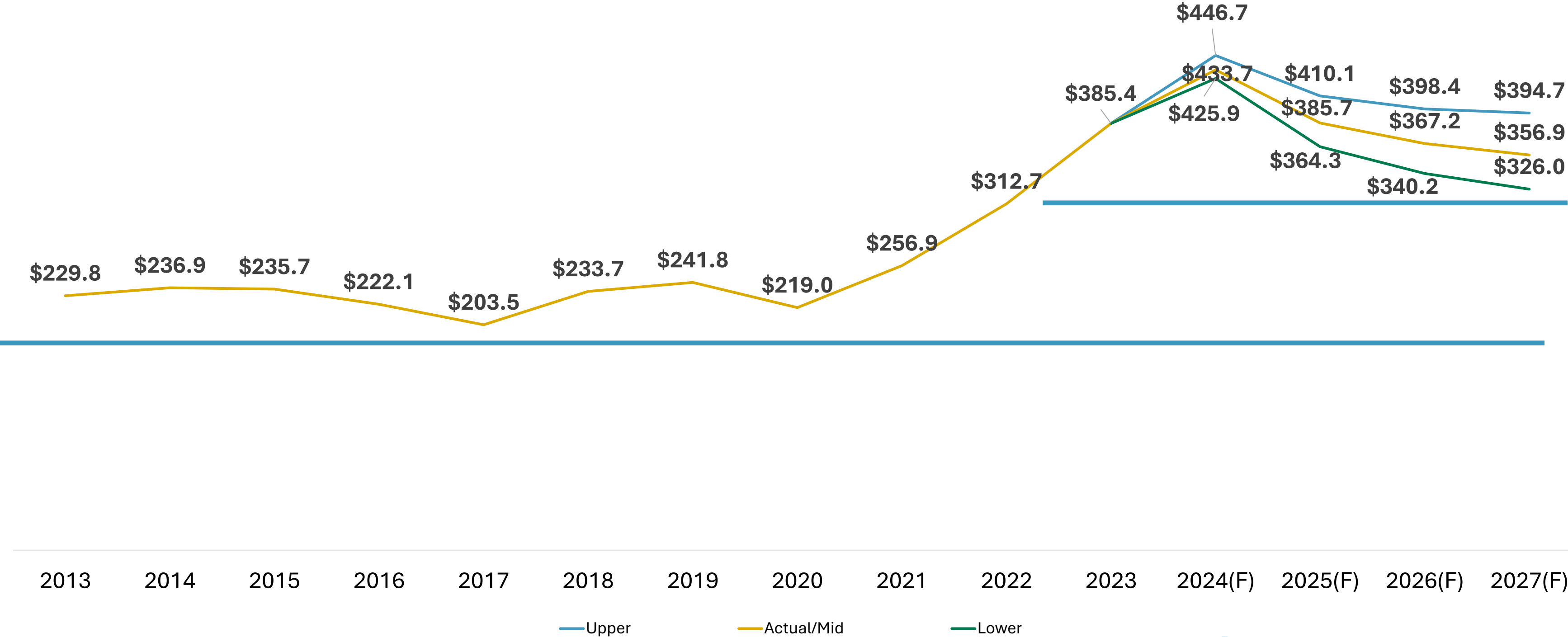


How Do We Double Industry Sales Within 5 Years?



\$300b+ in Annual Annuity Sales – The New Normal

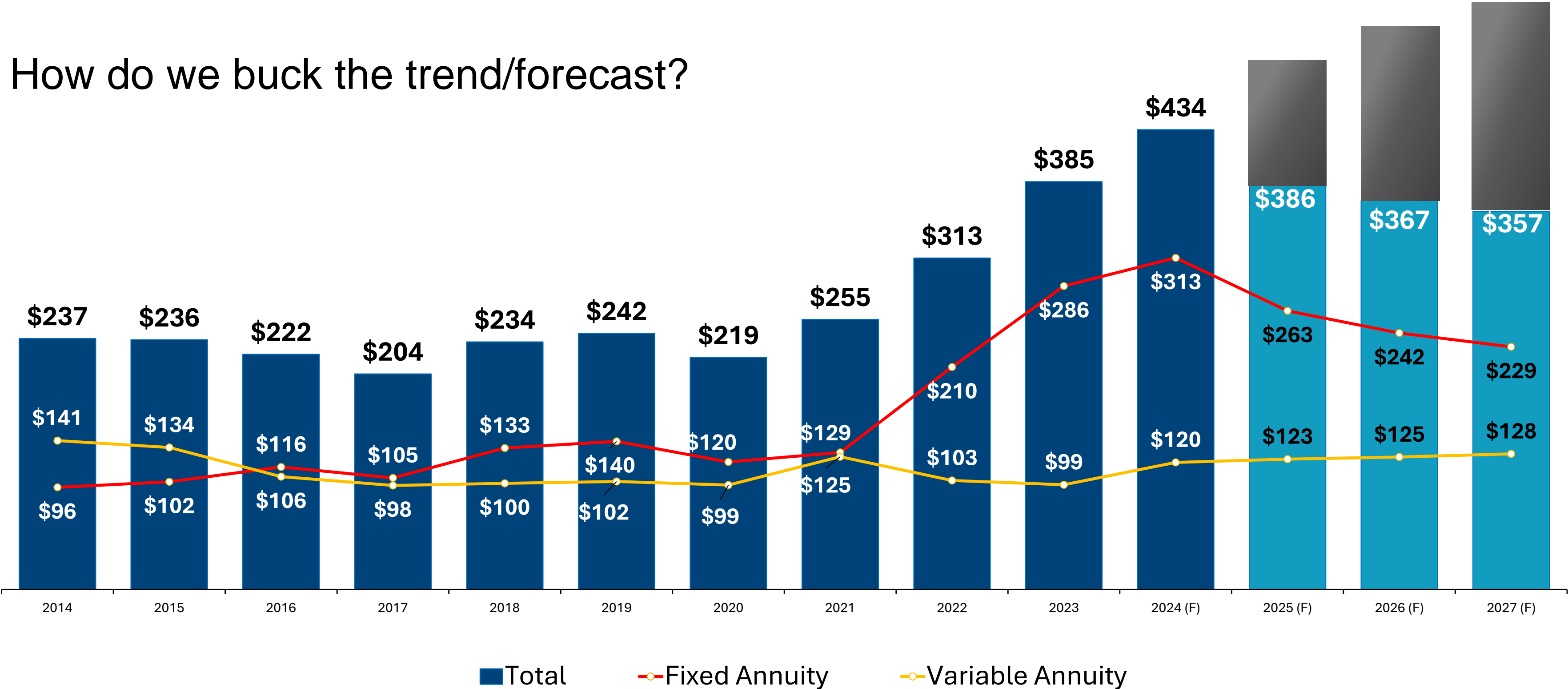
Individual Annuity Sales & 2027 Forecasting



Source: LIMRA Quarterly sales, LIMRA Forecasting

LIMRA Annual U.S. Annuity Forecasts

How do we buck the trend/forecast?



Source: LIMRA Quarterly sales, LIMRA Forecasting



Annuities – Massive Opportunity

**\$12.5
Trillion**

DC Market

**\$15.2
Trillion**

IRA Market

**\$434
Billion**

2024 - Annuity
Market Sales

- ~\$6 Trillion in Money Market Fund Assets

Potential Headwinds Facing the Industry

1

Regulatory

- Regulation doesn't go away for insurance industry
- However, additional fiduciary rules seem unlikely for new administration

2

The Fed

- The Fed lowered rates by 50bps in September
- Additional 25bps reductions in November & December
- How many rate cuts will we see in 2025?

3

Industry Product Mix

Some manufacturers have pulled back on FRD sales/capacity; Looking to diversify their sales mix

4

Product Complexity

We are continuing to see new features, benefit riders, and product nuances that is driving further complexity in product understanding potentially leading to future challenges

Slido Exercise

Slide Question: In your opinion, what are the 3 most important factors to doubling annuity industry sales?

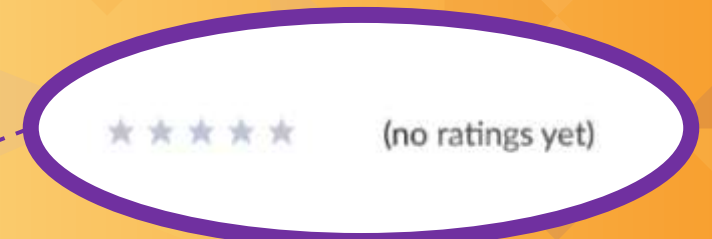
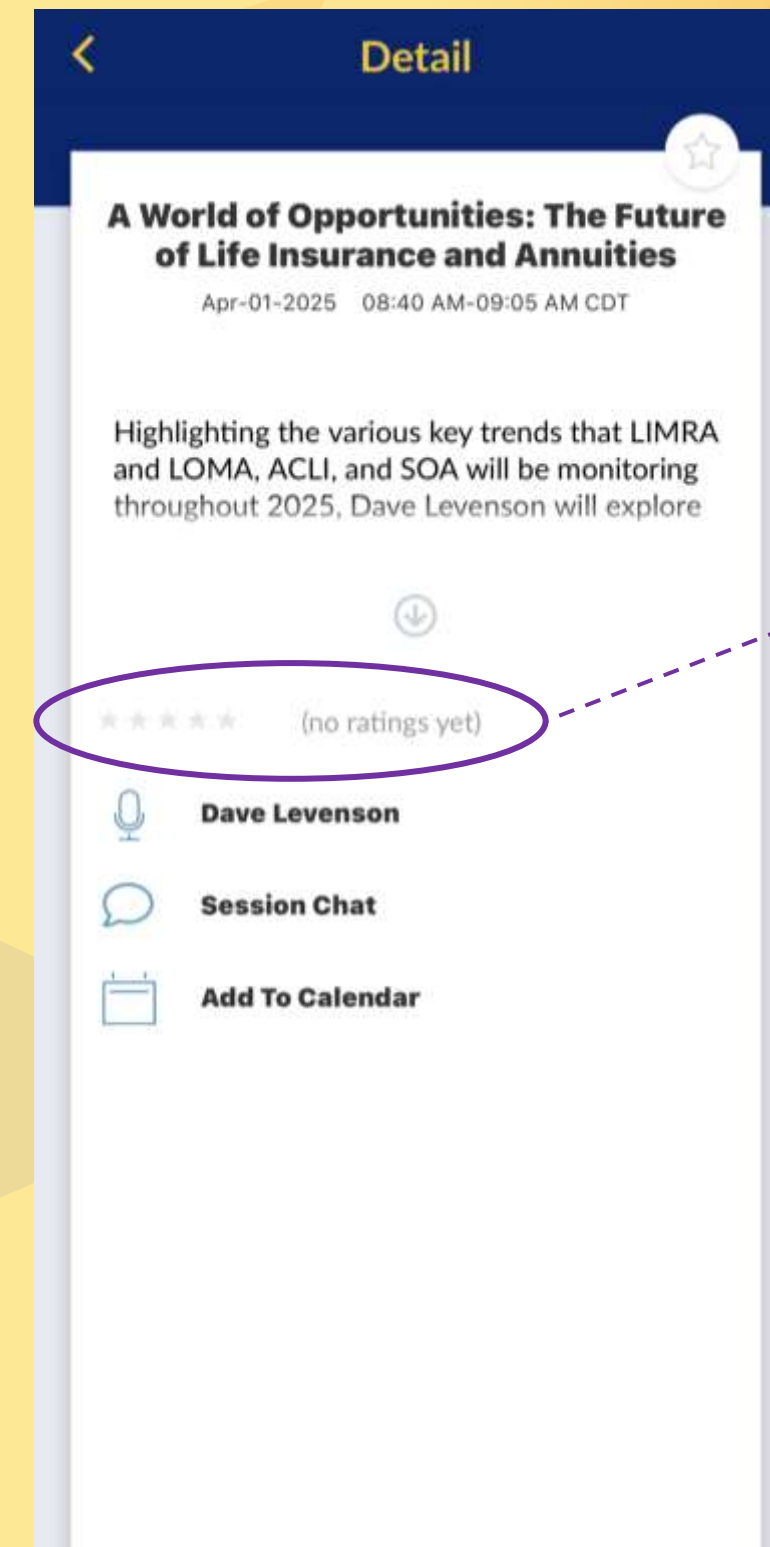
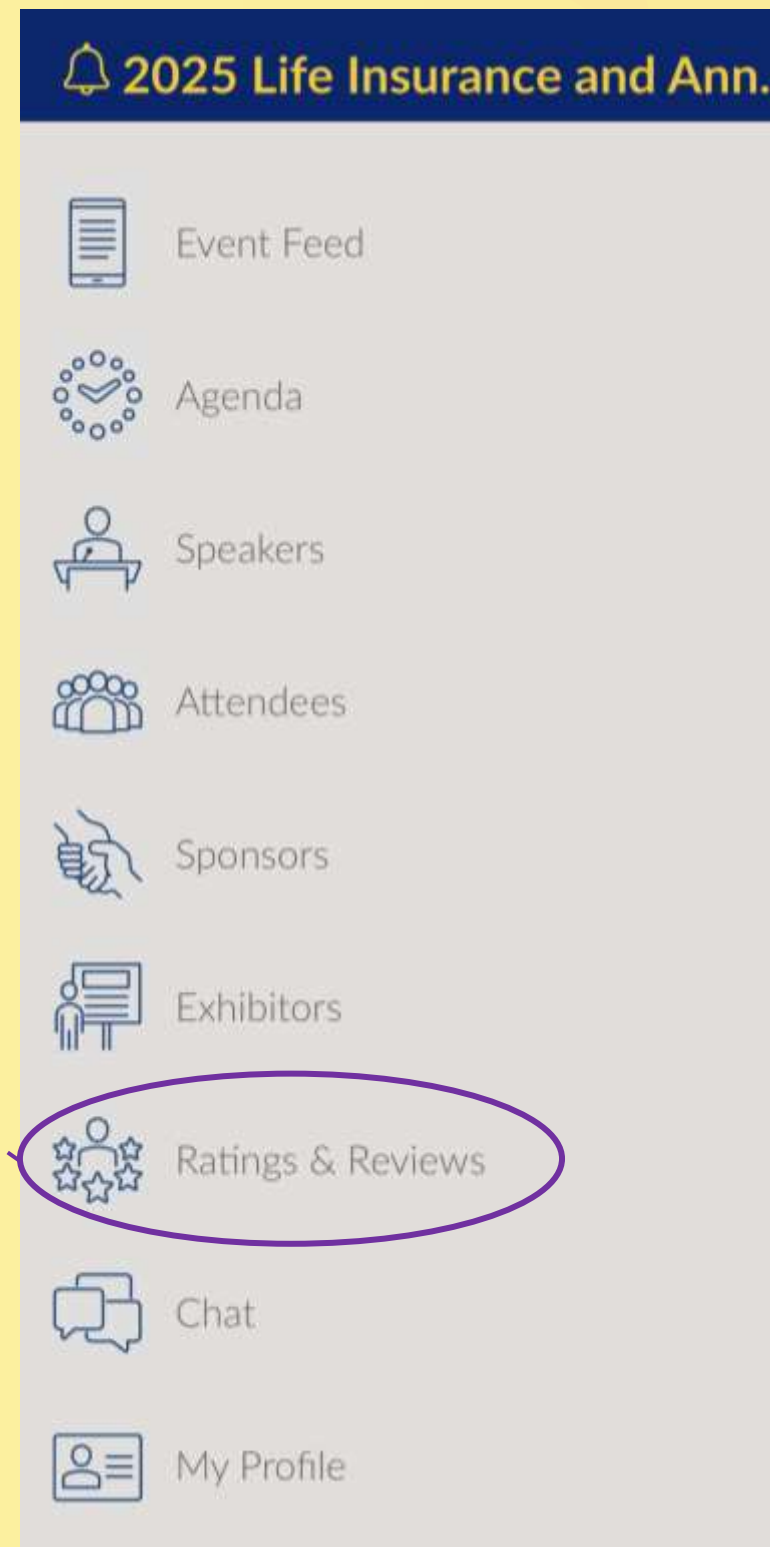
- Technology to improve advisor efficiencies
- Customer Experience (End customer, wholesaler, financial professional)
- More agents selling annuities
- Product & Innovation
- Interest rates
- Bull market
- Industry capacity & financials
- Industry Talent
- Converting non-annuity Retirement & liquid assets

5 Important Factors

1. Getting more financial professionals to sell Annuities
2. Getting current financial professionals to sell more
3. Technology & Improved Experience
4. AI & Efficiencies
5. More Capacity



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Thank You

