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Changes coming in 2021

The Evolution of the Annuity Market: Entering the New Normal

June 30, 2021



2020 was filled with challenges and change



Thank you for joining us



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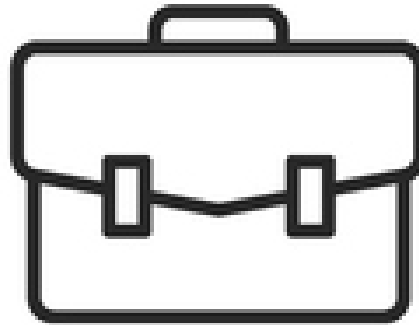


Before we
look forward
we must
reflect back

Disruptions arose in 2020



Economic



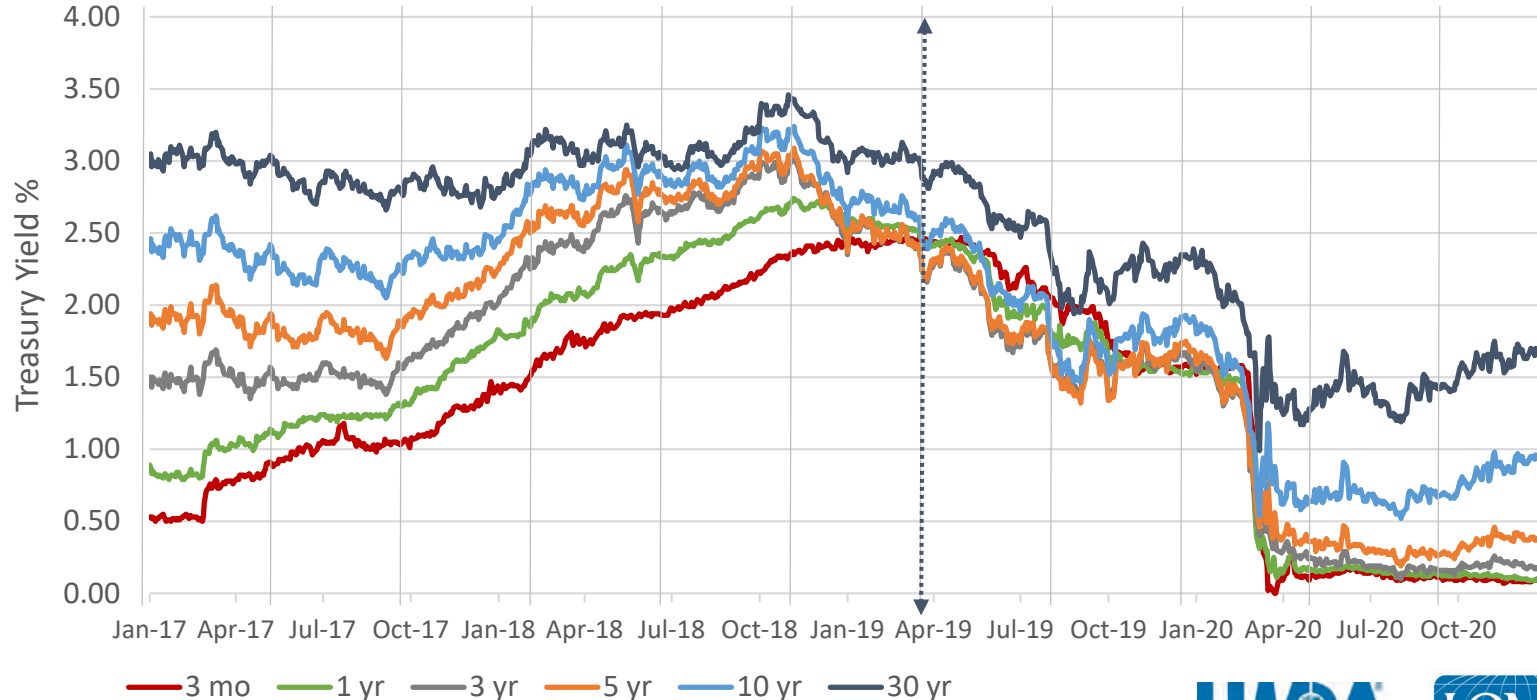
Business



Social

Interest Rate Environment

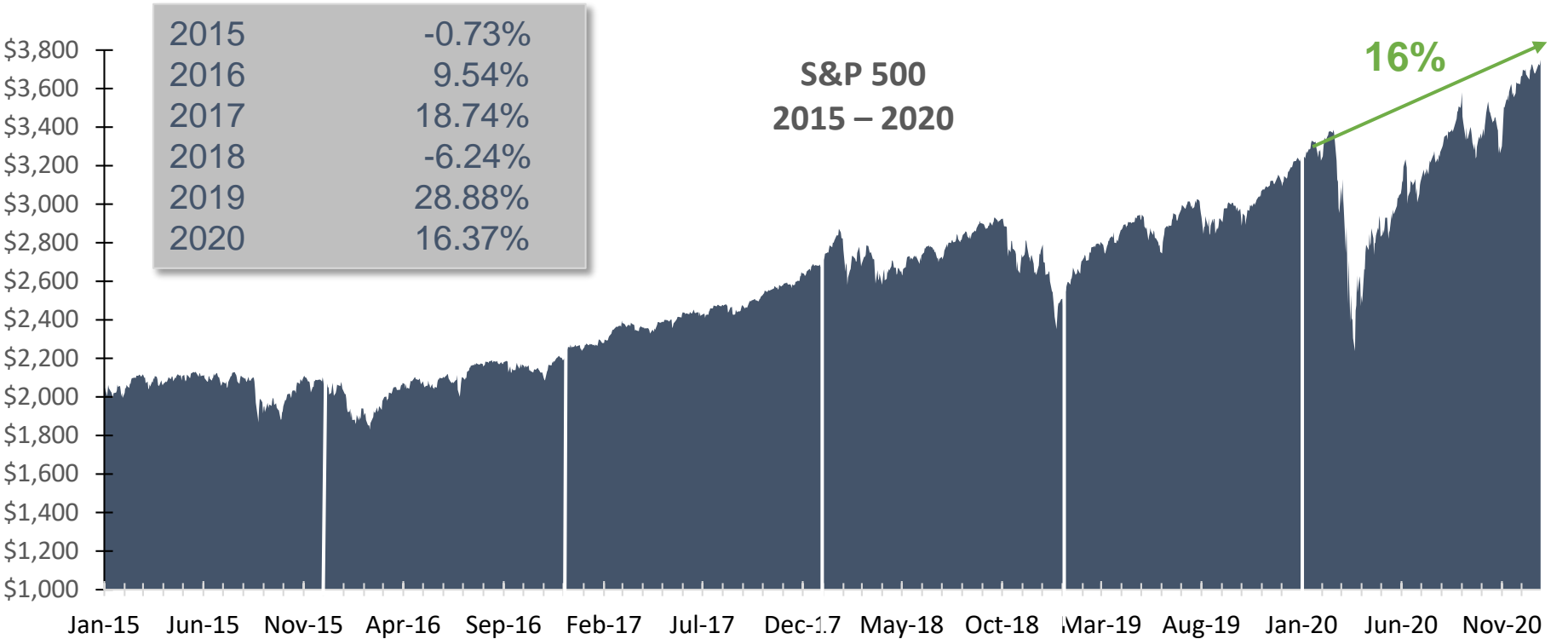
U.S. Treasury Yields



As of 12/31/20

30-yr	1.65%
10-yr	0.93%
5-yr	0.36%
3-yr	0.17%
1-yr	0.10%
3-mo	0.09%

Equity Market Environment



Business disruptions impacted annuity supply chain



Indicated a moderate to high degree of challenge:

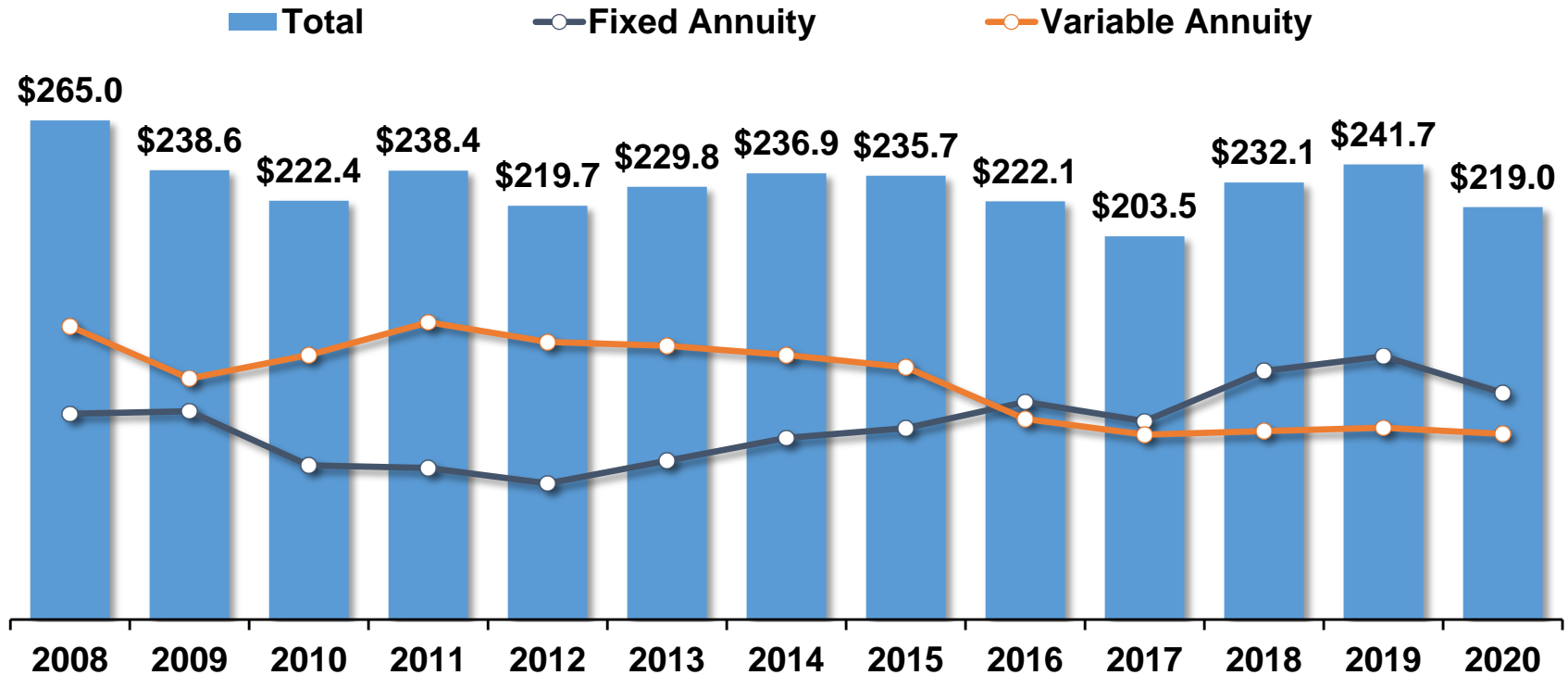
93% - Prospecting new clients

88% - Planning conversations - new clients

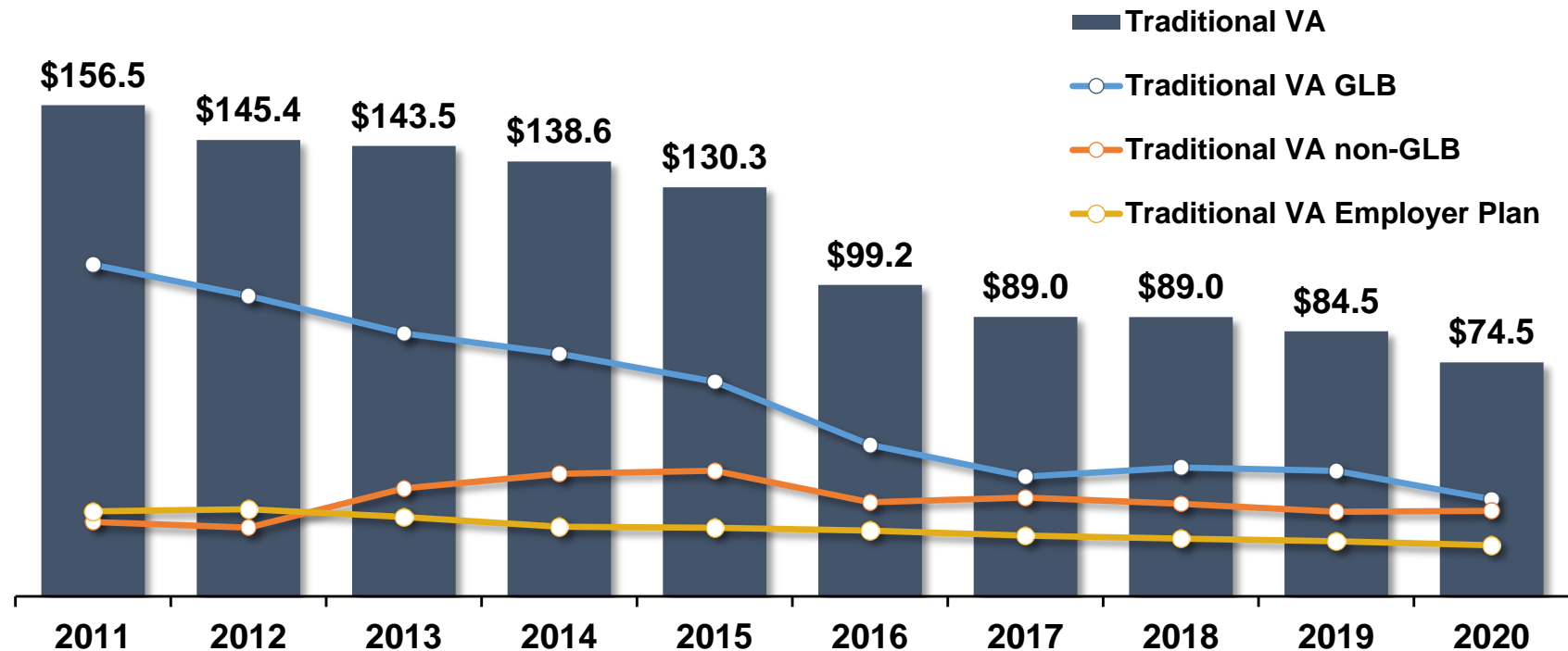
59% - Closing & paperwork of new business

58% - Virtual wholesaling is less effective

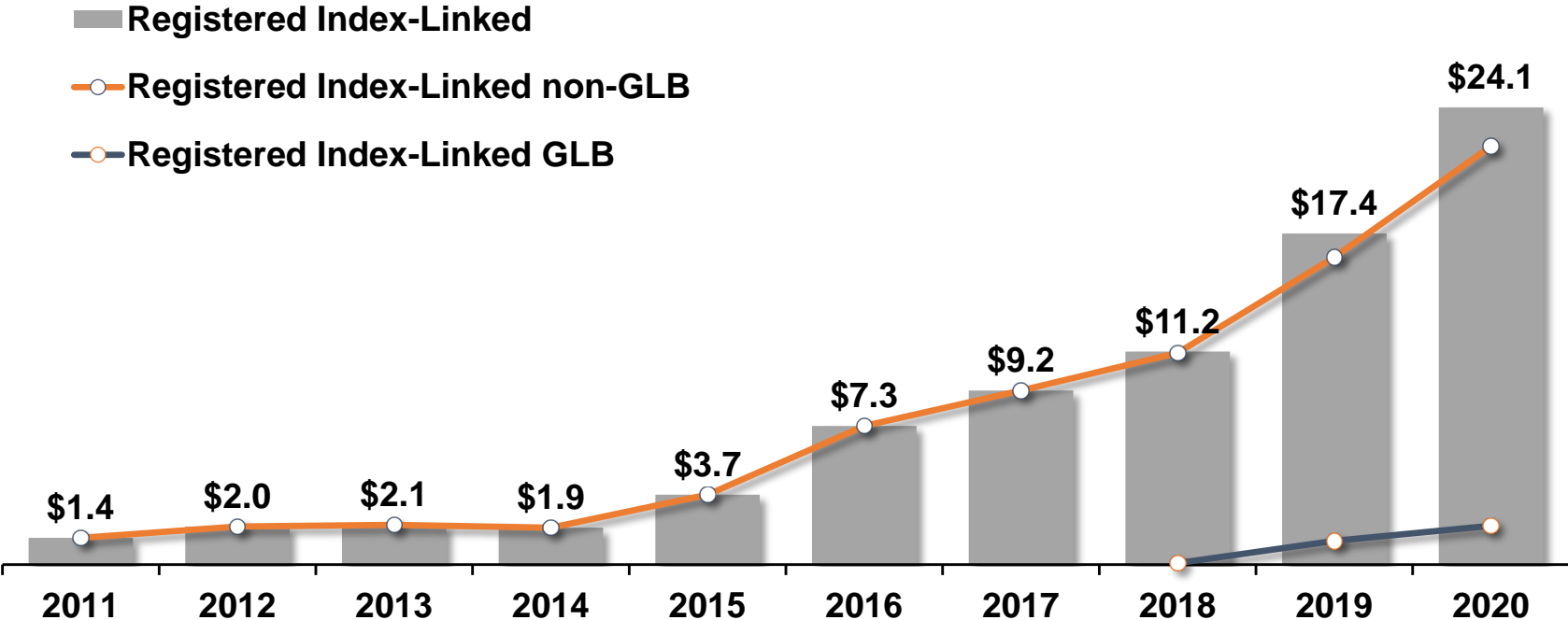
A challenging year for individual annuity sales



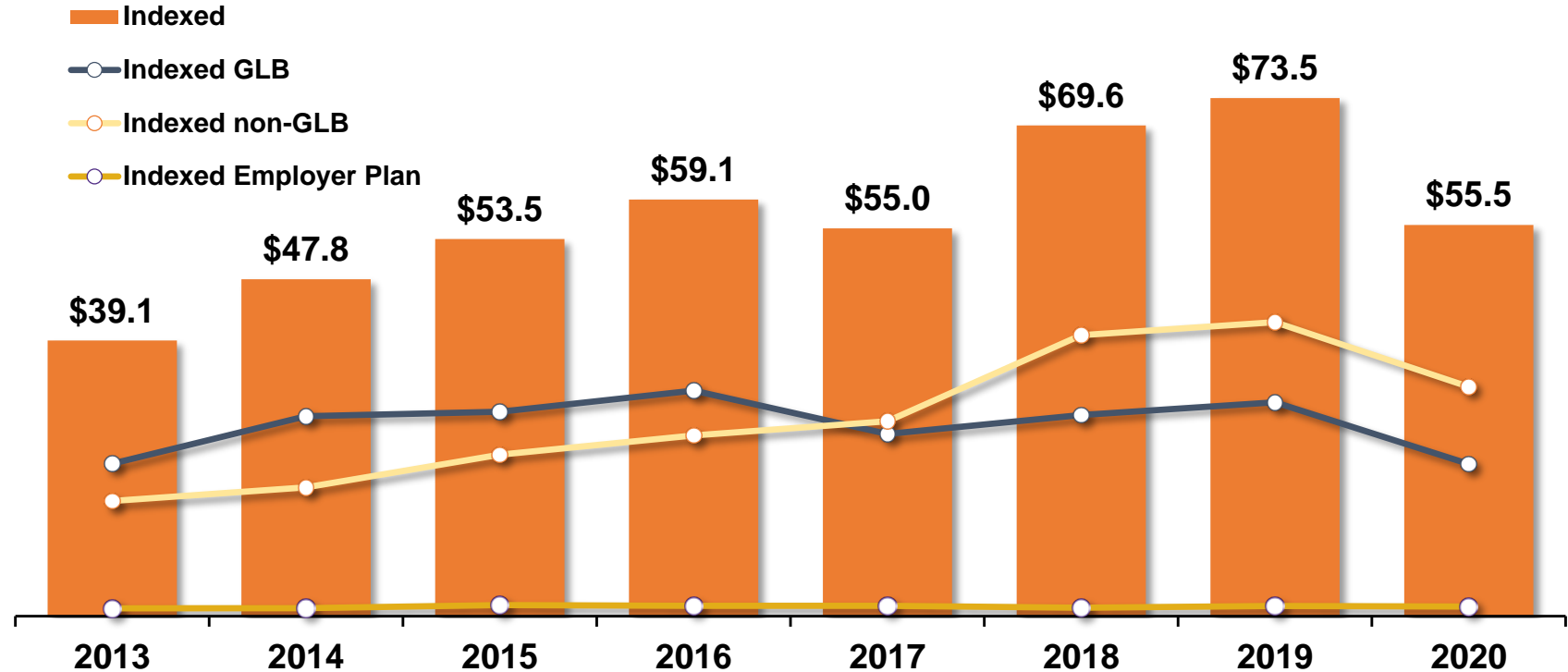
Traditional VA sales continued long term pattern in 2020



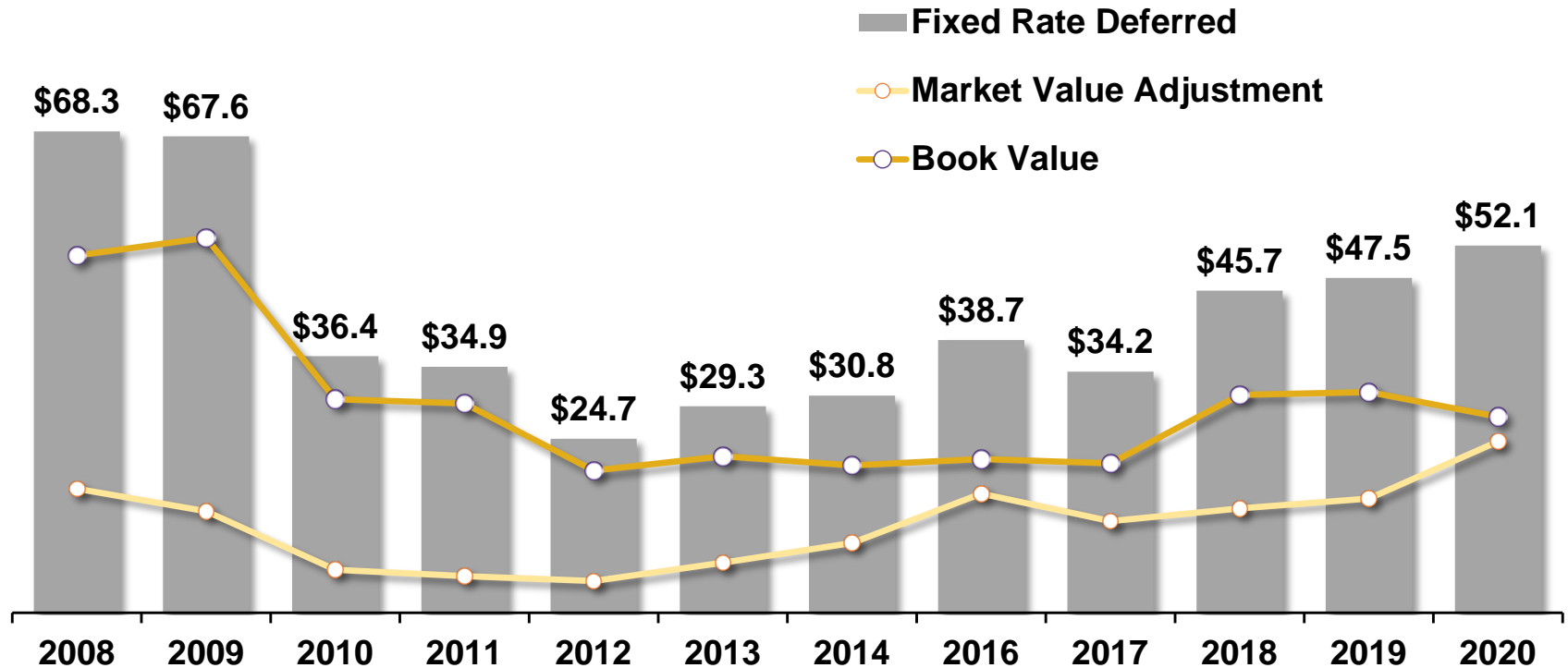
The protection of RILA products drove strong growth in 2020



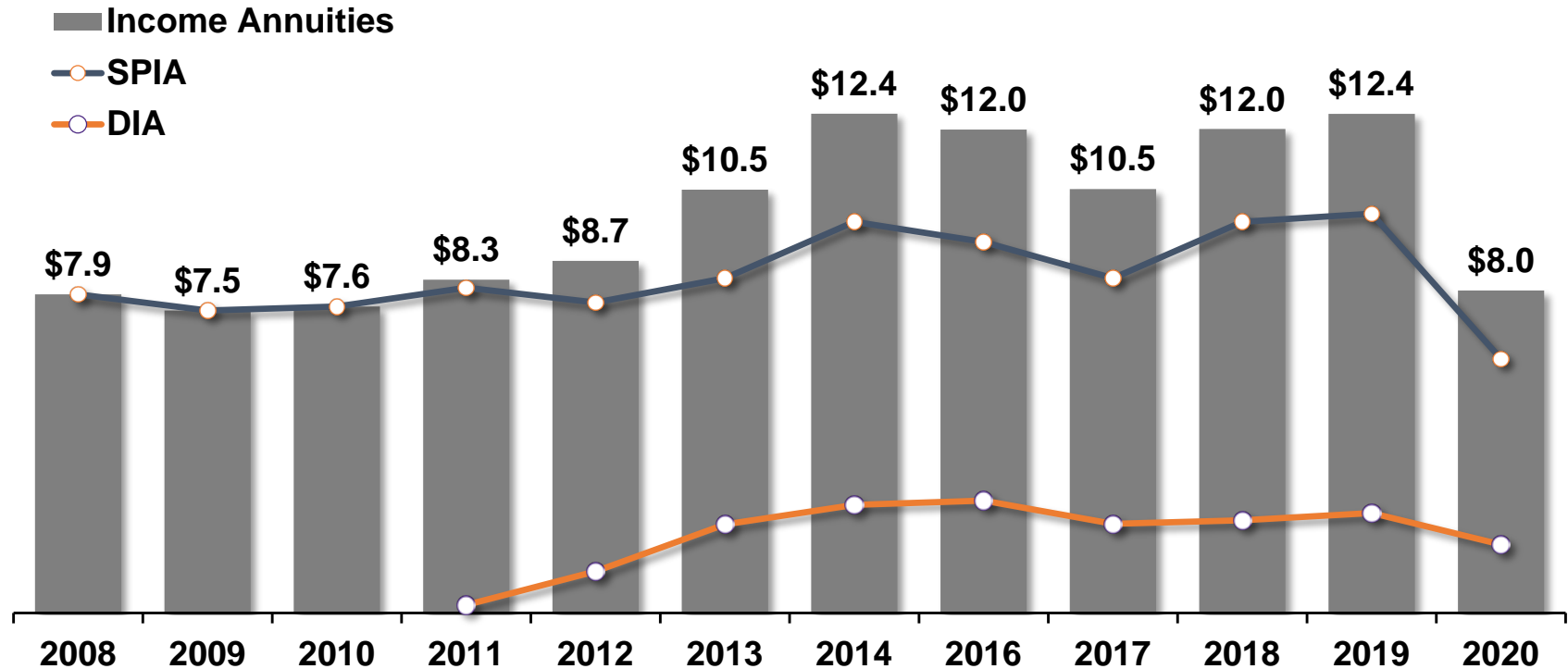
FIA sales suffered from challenging pricing environment



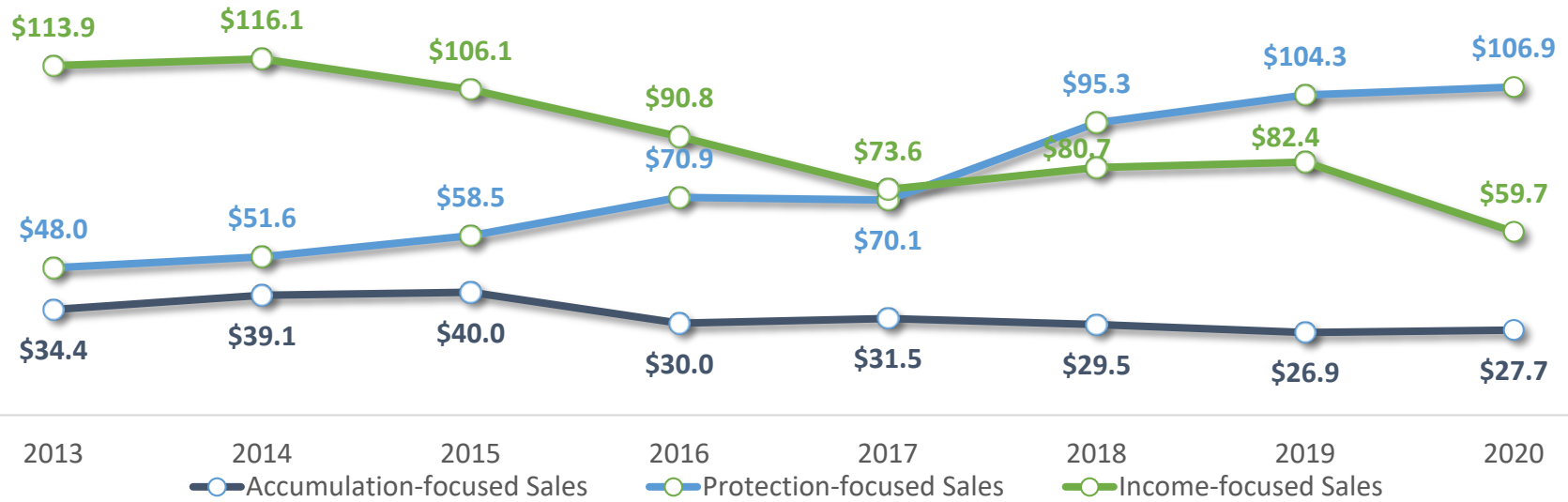
Highest volume of sales for fixed rate deferred since 2009



Pricing challenges limited income annuity sales



2020 declines were centered around income focused products



Source: Secure Retirement Institute

Accumulation-focused sales include variable annuities without a guaranteed living benefit (GLB) elected or available.

Protection-focused sales include variable annuities with a GMAB, registered index-linked annuity sales without GLBs elected or available, fixed indexed annuities without GLBs elected or available, and fixed-rate deferred annuities.

Income-focused sales include variable annuities with GLWB, GMWB, or GMIB riders elected, fixed indexed annuities with GLWB elected, single premium immediate annuities, and deferred income annuities.



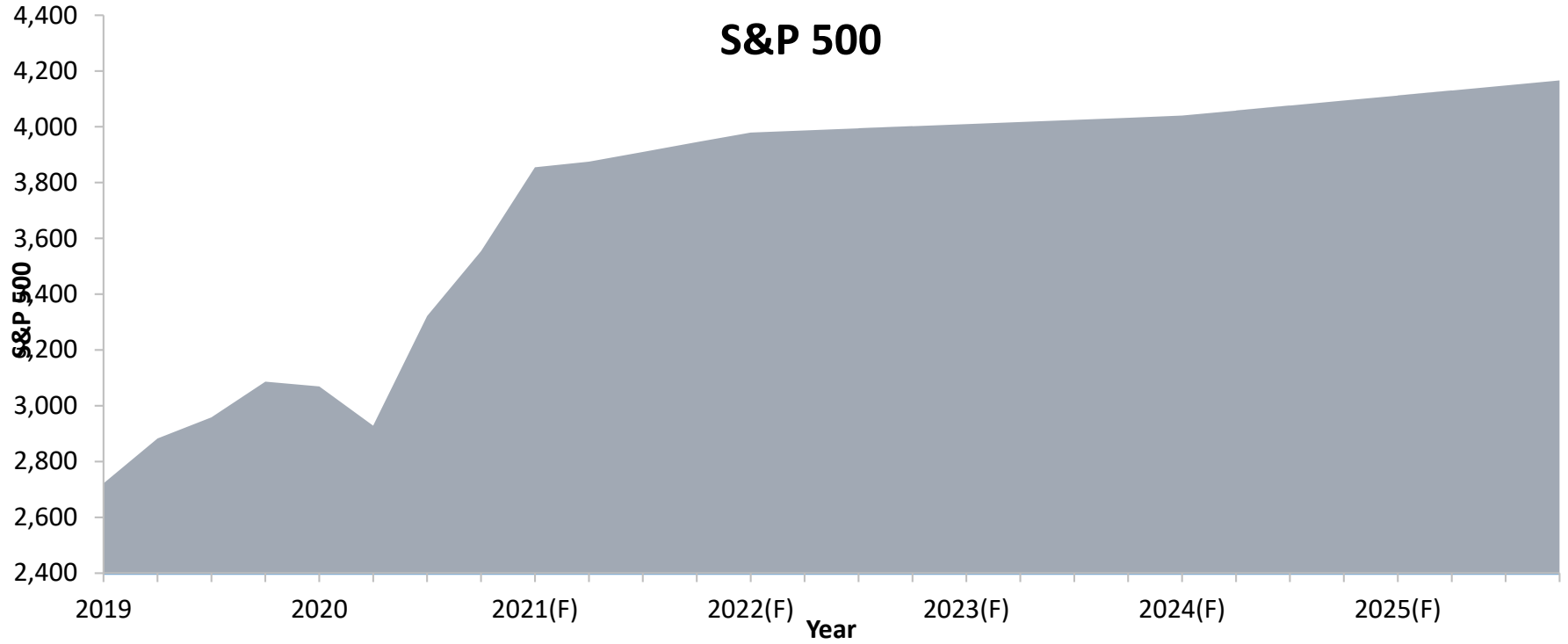
Our vision of the new normal



Understanding assumptions

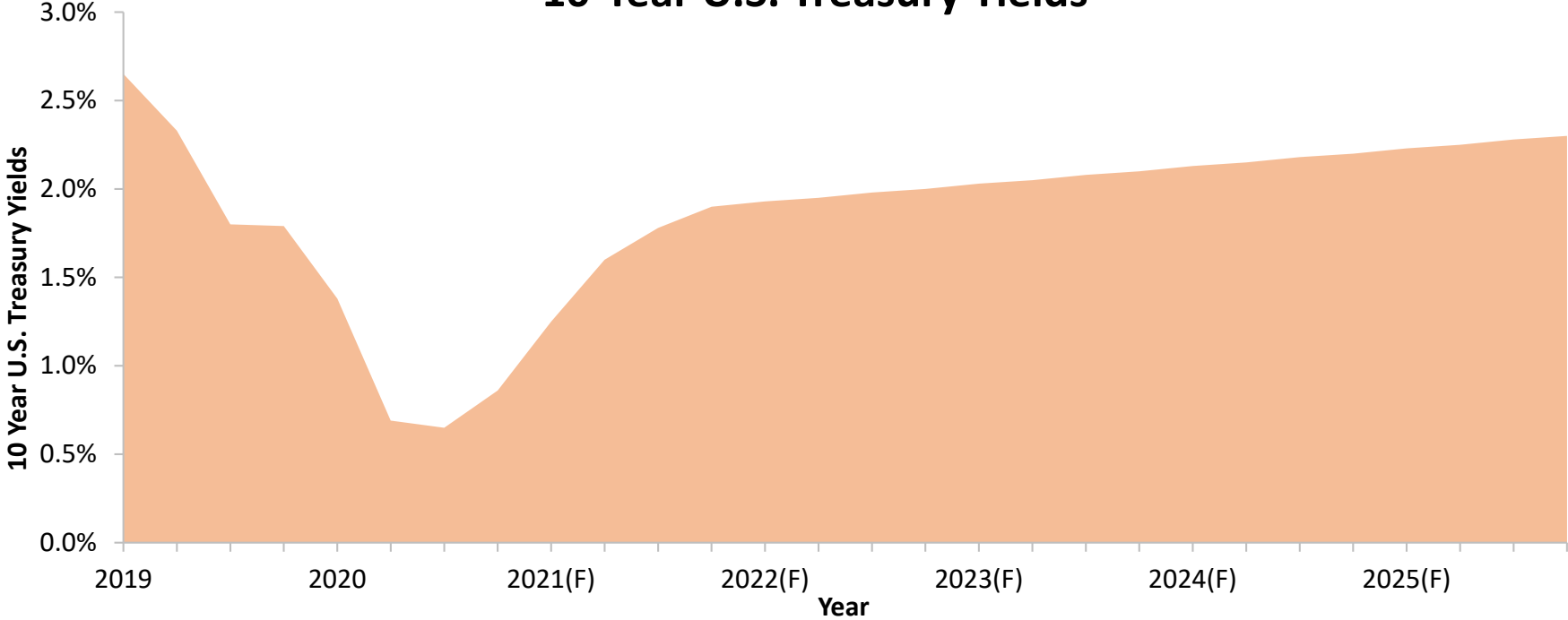


Equity markets calm and slowly rise through 2025



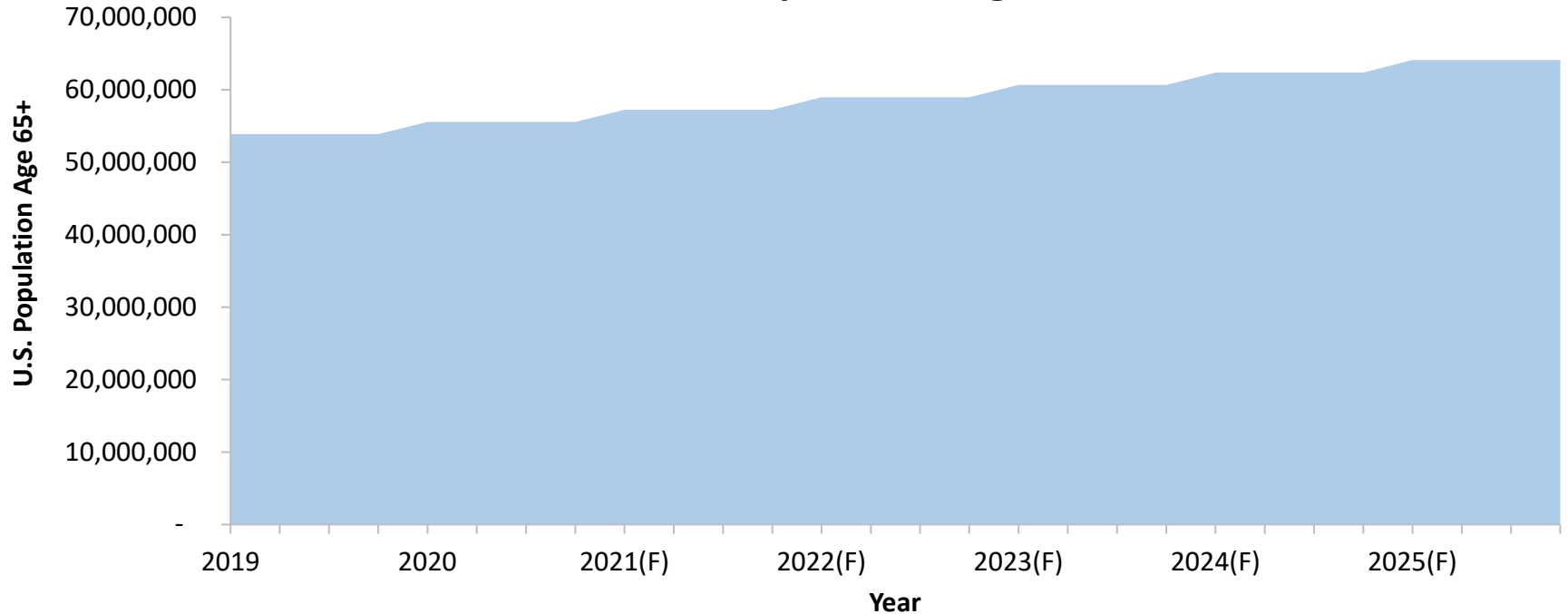
Interest rates will rebound but not improve drastically

10-Year U.S. Treasury Yields

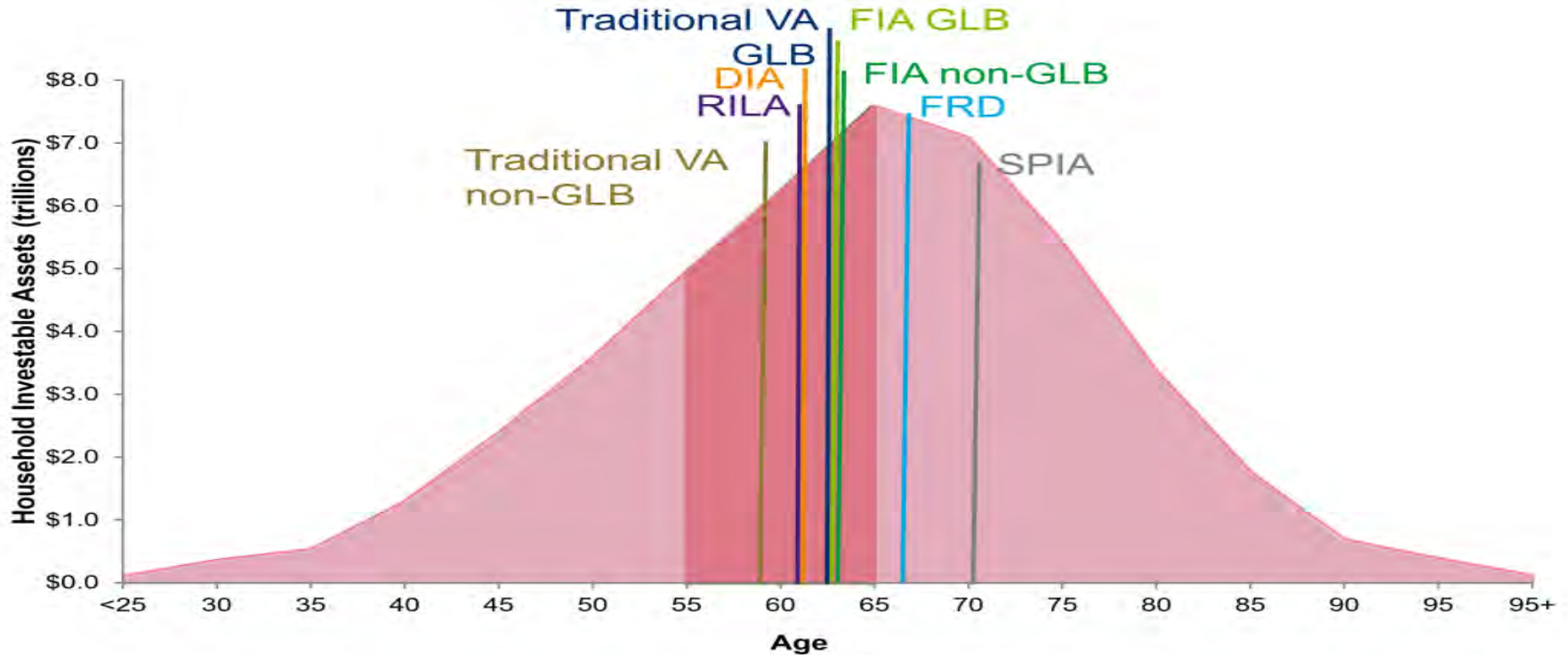


There will be 8.5 million more Americans age 65+ in 2025

U.S. Population Age 65+



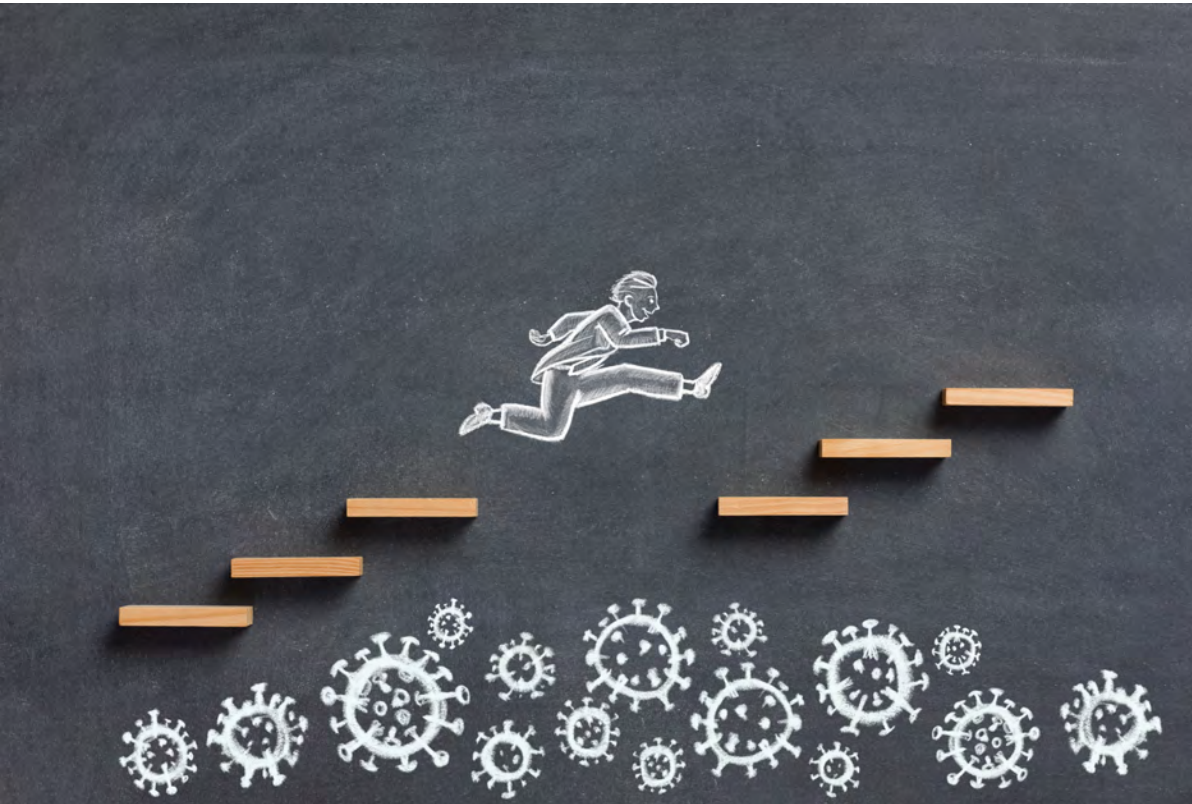
Income by age and annuity product



Additional
factors to
consider



Business disruptions - COVID



Political & Regulatory



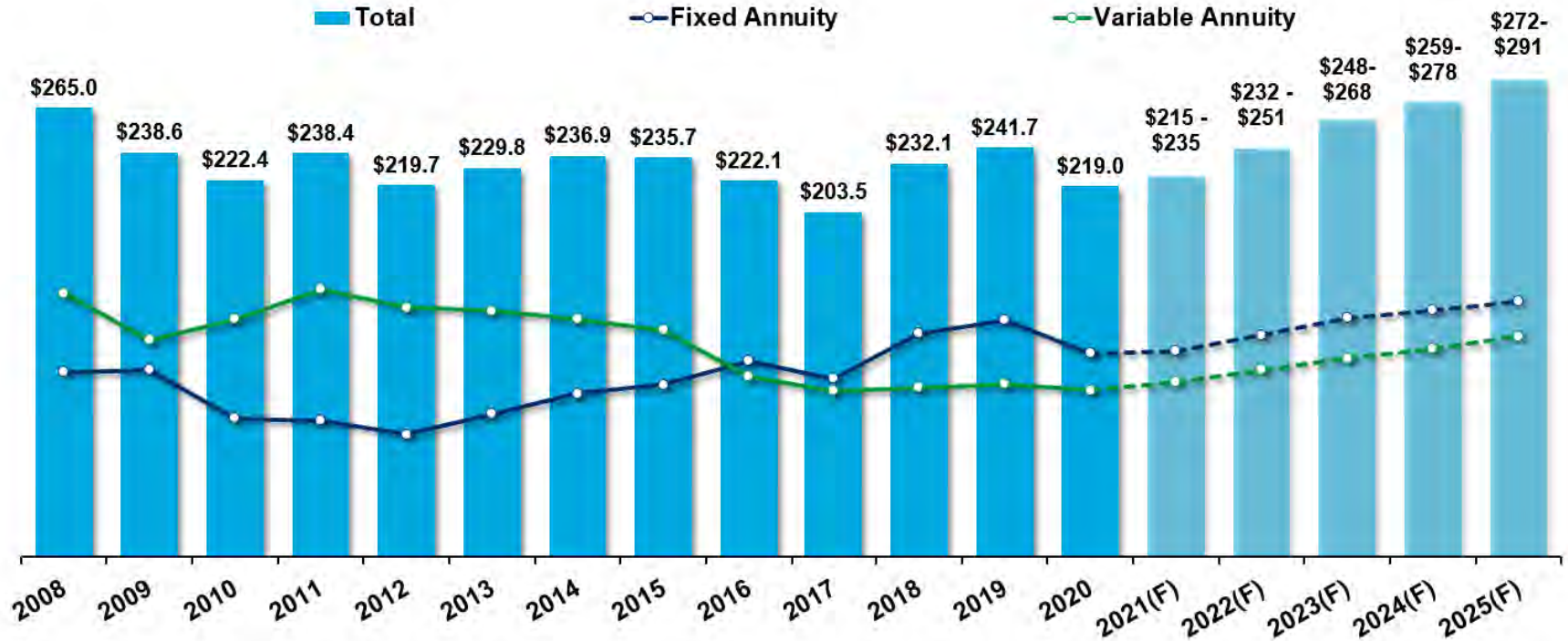
Technology & Industry Agility



What is the new normal?

new
normal

Steady growth is expected in the new normal



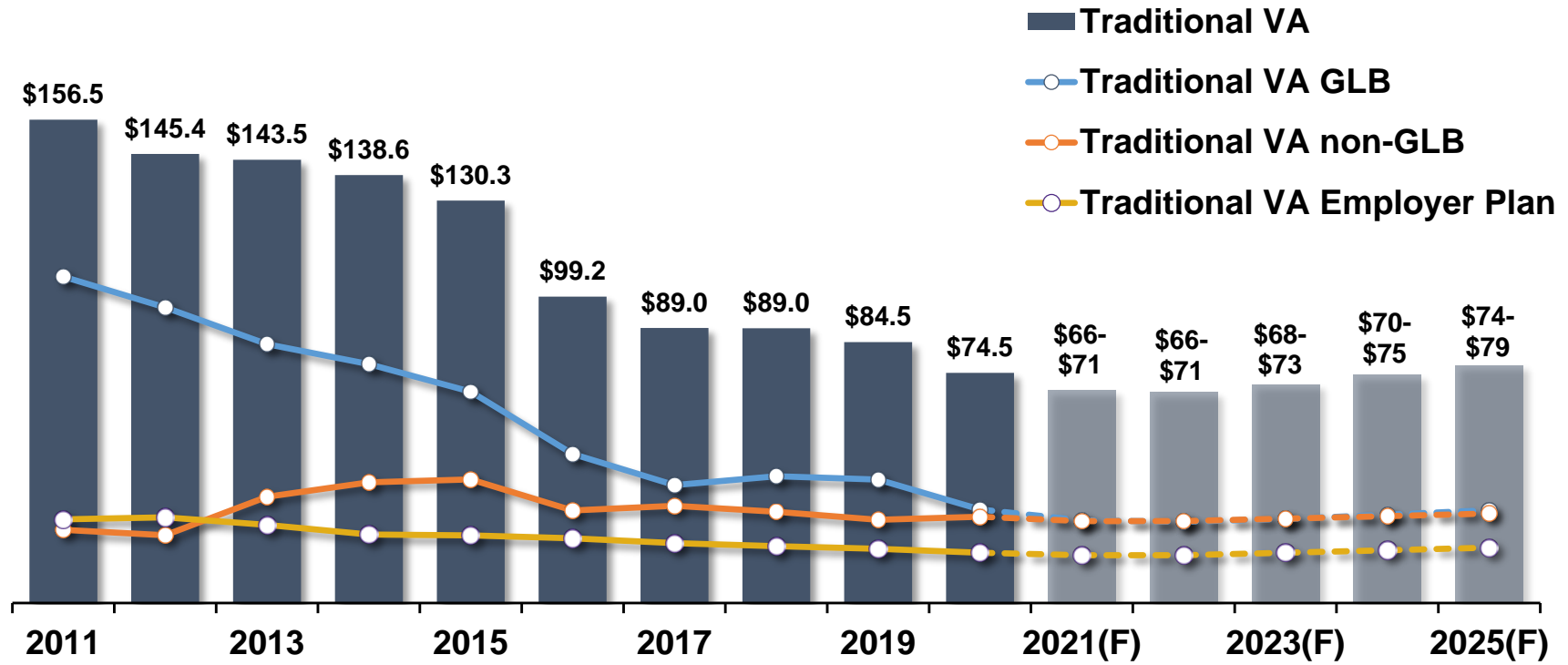
Breaking it down



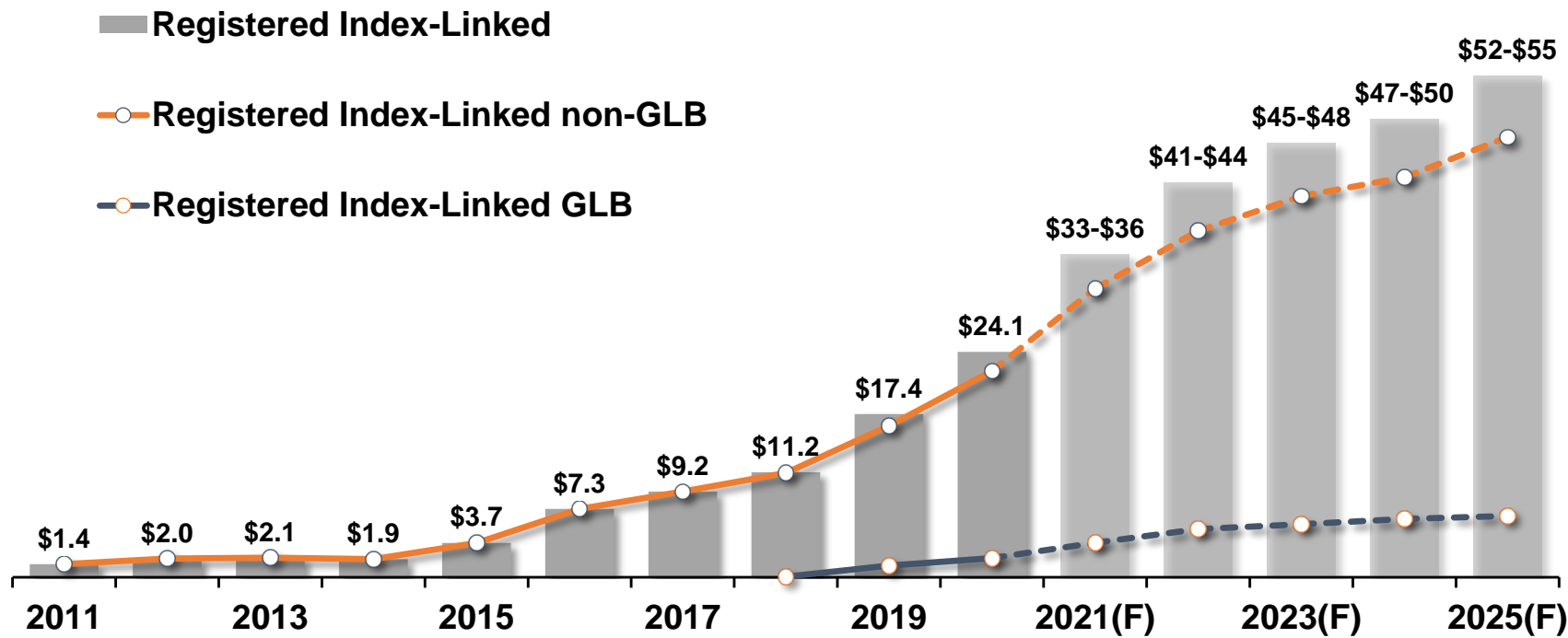
Variable annuity market forecast



Traditional VA sales decline before slowly improving



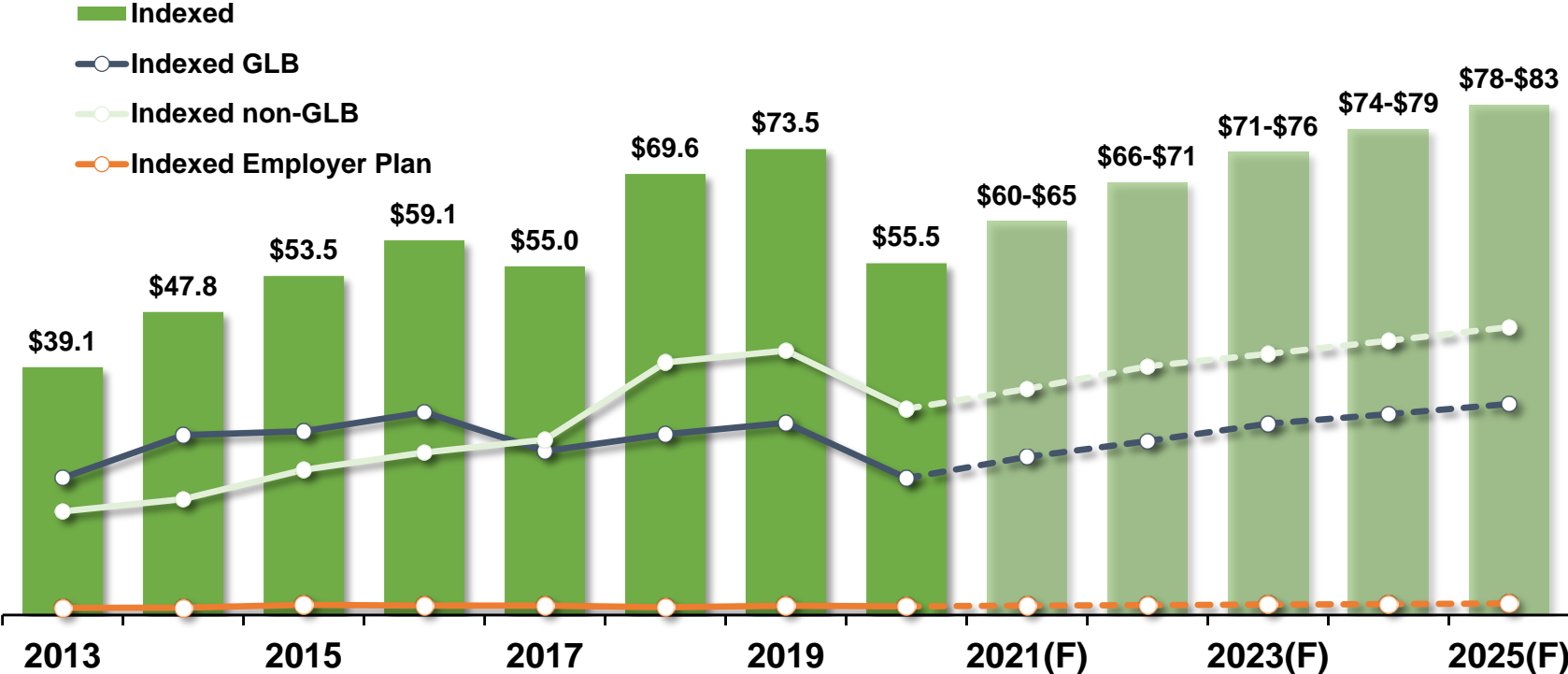
VIVA la RILA! RILA will continue to be the growth engine



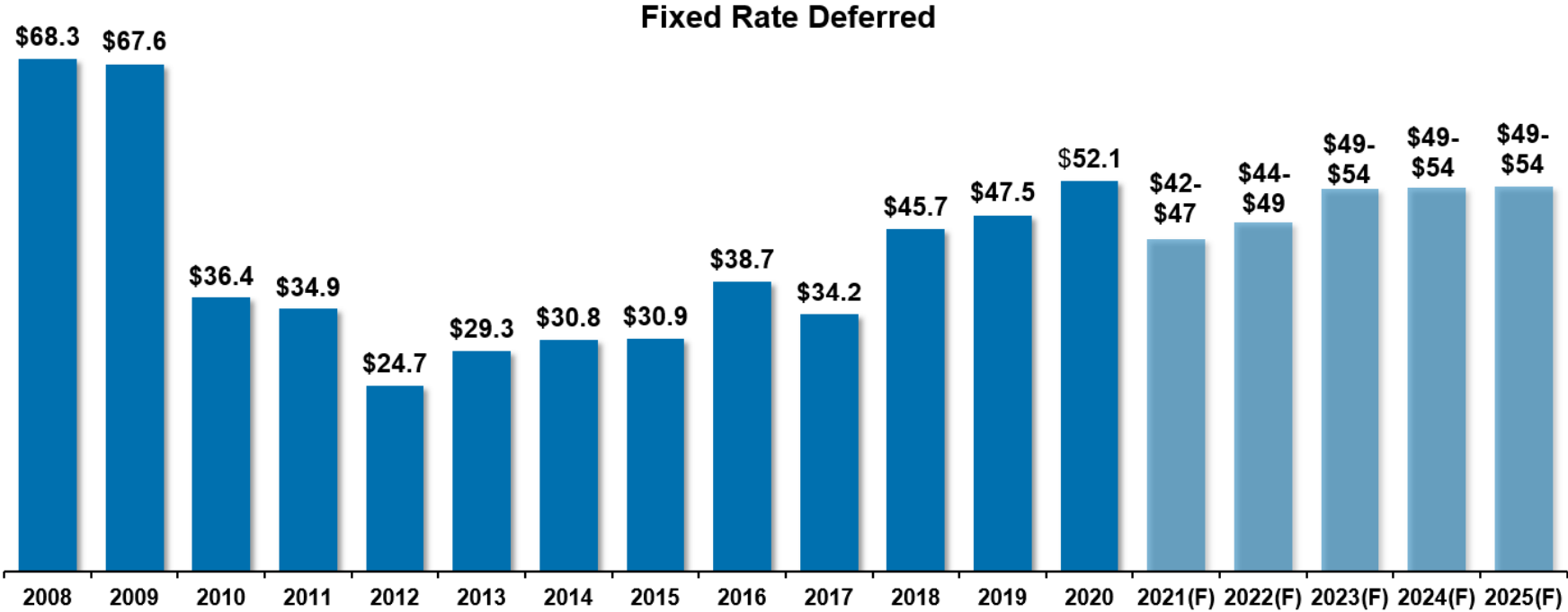
Fixed Annuity Market Forecast



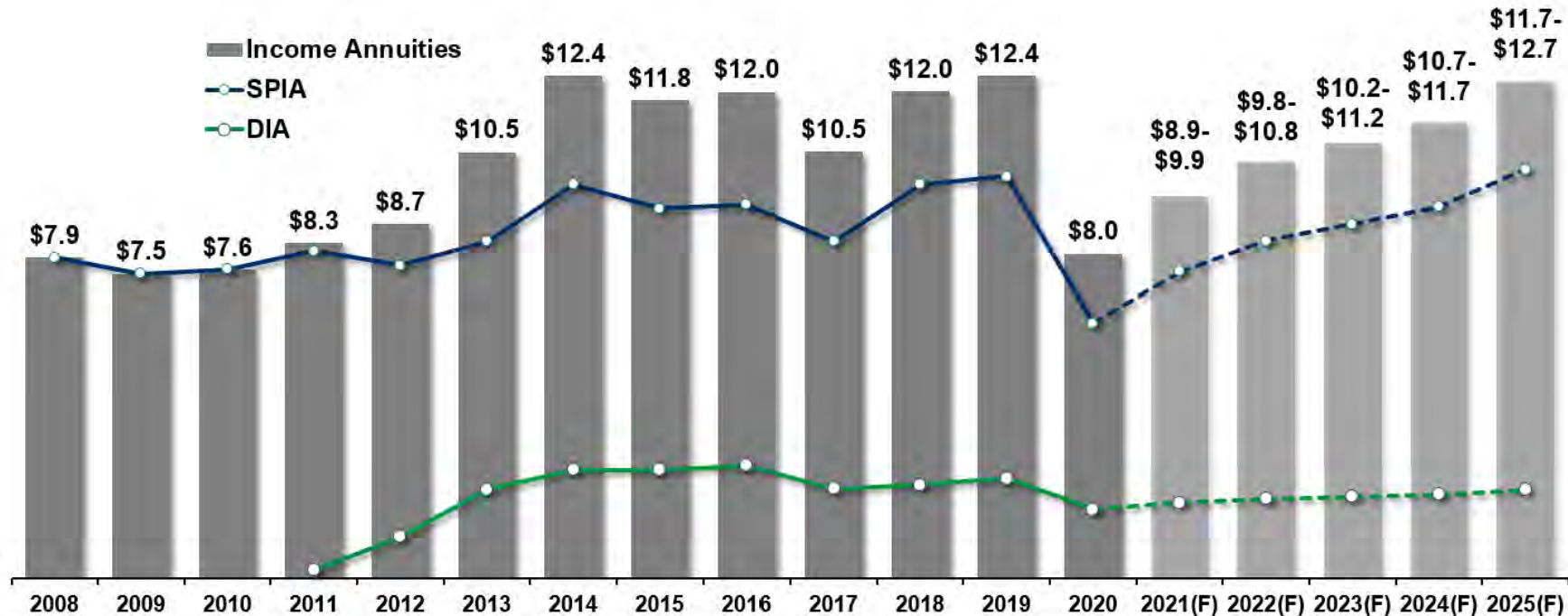
FIA sales will see a slow, yet steady rebound



FRD sales will dip then flatten out



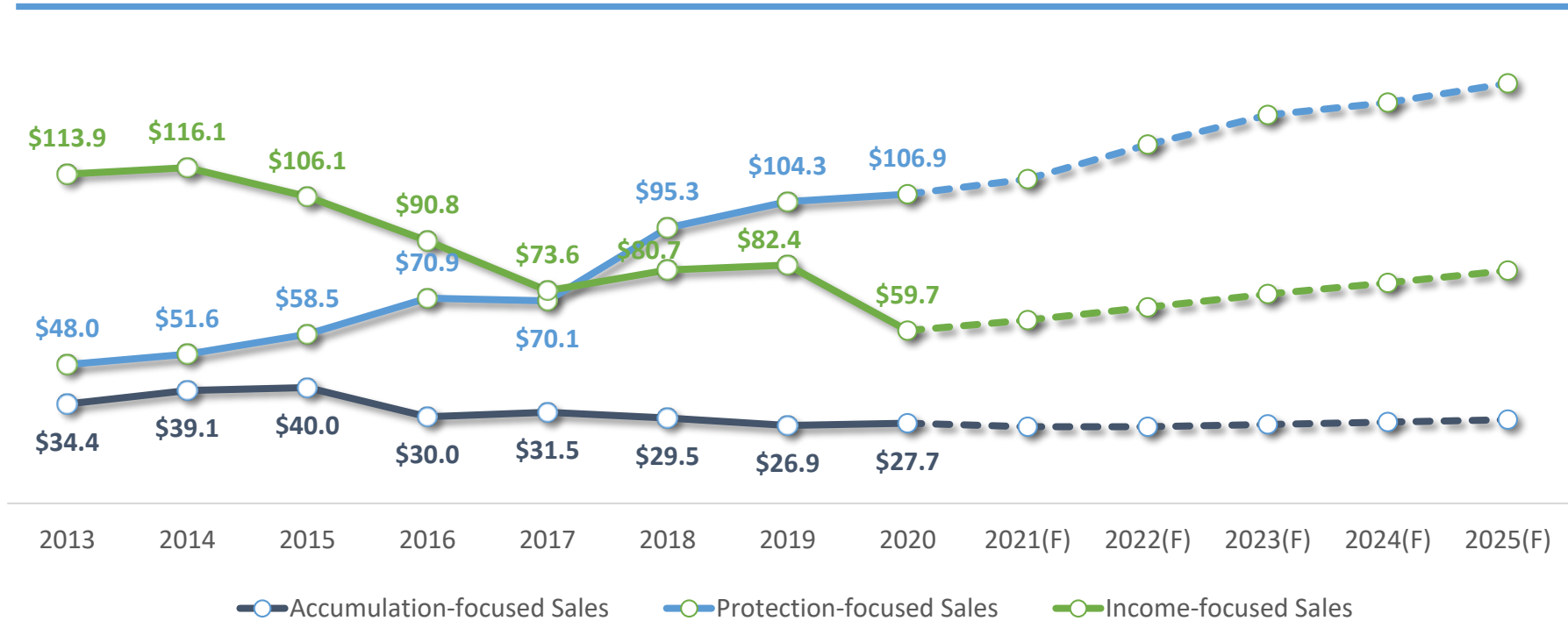
Income annuities will struggle to get back to 2019 levels



Putting it all together



Income-focused product sales will grow, but not as fast as protection-focused products



Source: Secure Retirement Institute

Accumulation-focused sales include variable annuities without a guaranteed living benefit (GLB) elected or available.

Protection-focused sales include variable annuities with a GMAB, registered index-linked annuity sales without GLBs elected or available, fixed indexed annuities without GLBs elected or available, and fixed-rate deferred annuities.

37

Income-focused sales include variable annuities with GLWB, GMWB, or GMIB riders elected, fixed indexed annuities with GLWB elected, single premium immediate annuities, and deferred income annuities.



This won't be the first or last time we face adversity



We are starting in a better spot

Percent having Extreme/Quite a bit of confidence in financial advisors

Oct 2008	11%
Jan 2010	13%
Jan 2020	30%
Mar 2020	36%
May 2020	37%



Thank you for joining us today!



*Advancing the financial services industry by
empowering our members with knowledge,
insights, connections, and solutions*

