

NEWS Annuities

## Annuity sales stay torrid in Q3 with help from banks

Bank sales propelled fixed-rate deferred and fixed-indexed annuity sales to hit record levels for the second consecutive quarter.

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The scorching hot demand for annuities didn't cool off during the third quarter, and banks played a key role.

Bank sales propelled fixed-rate deferred and fixed-indexed annuity sales to reach record levels for the second consecutive quarter, according to Limra. Fixed-rate deferred sales by banks jumped 243% in the third quarter, while bank FIA sales leapt 61%.

Overall **annuity** sales hit an all-time record of \$80.7 billion in the third quarter, a 29% surge from last year, according to Limra. So far this year, **annuity sales** have totaled \$223.4 billion, 17% more than the first three quarters of 2021.

"The average fixed-rate deferred crediting rates continued to be more than triple the rates offered in bank CDs in the third quarter, which enticed bank customers to buy FRD annuities. As a result, bank FRD sales represented nearly half of the record-high fixed-rate deferred sales in the third quarter," Todd Giesing, assistant vice president at Limra, said in [a statement](#).

"It's not surprising to see an increased flight to quality during a time when the markets are volatile and interest rates are on the rise," said David Scranton, CEO of Sound Income Group. "The peak of the baby boom was in 1960, which means a significant number of workers will turn 65 in 2025. This group wants to preserve the wealth and savings they've accumulated in the past decade, so annuities are a likely investment vehicle with less risk than equities."

Digging deeper into the report, total fixed-rate deferred annuity sales were \$30 billion in the third quarter 2022, 161% above third-quarter 2021 results, once again setting another record. In the first nine months of 2022, FRD annuities totaled \$74.6 billion, 77% higher than the same period last year.

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Elsewhere, third-quarter fixed indexed annuity sales posted a record \$21.5 billion, a 26% increase from prior year, with bank sales also playing an oversized role by holding a 20% market share in the quarter. And registered index-linked annuity sales totaled \$10.6 billion in the third quarter, up 14% from prior year.

"We anticipate the strong demand for these solutions to persist into 2023. In addition to the traditional commission-based annuities, we're also seeing an increased demand for advisory annuities," said David Perry, CEO of Concourse Financial Group.

On the flip side, traditional variable annuity sales continued to sink, falling 34% to \$14.1 billion in the third quarter. Deferred income annuity sales also did not fare comparatively well, dropping 1% to \$505 million. Year-to-date, DIA sales were \$1.4 billion, 4% lower than prior year.

Leading the third quarter rankings was New York Life with Q3 sales of \$16.01 billion, followed by Corebridge Financial with \$14.84 billion, and Athene Annuity & Life with \$12.93 billion.

"Financial professionals can try to put a square peg in a round hole when it comes to annuities, which can produce bad outcomes," said Coleman Benko, president of Benko Financial Services. "Part of the problem is that these products frequently get oversold during periods of heightened volatility, which sometimes makes clients second-guess the decision to buy one later down the road."