

NEWS Annuities

Annuity demand not slowing after strong 2022, Limra says

Total U.S. annuity sales hit a record-high \$312.8 billion in 2022, and bank sales were the big driver in the fourth quarter.

March 9, 2023 [By Gregg Greenberg](#)



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Annuity sales finished 2022 on a high note, setting the formerly derided security up for a strong start to 2023.

A surge in interest rates and nearly unprecedented volatility encouraged consumers to seek stability in fixed annuities last year. Total U.S. [annuity sales](#) hit a record-high \$312.8 billion in 2022, according to Limra's 2022 Individual Annuity Sales Survey released this week.

The 2022 sales total was a 23% increase over 2021 results, and 18% higher than the previous record of \$265 billion set in 2008, Limra said.

Todd Giesing, assistant vice president at Limra Annuity Research, pointed to the dip in interest rates in December as one of the forces driving investors to [lock in favorable rates](#) before they dropped further.

"Total fourth-quarter annuity sales marked a new record of \$89.4 billion, a 42% increase from the fourth quarter of 2021," Giesing said [in a statement](#). "LIMRA data show there was an 80% year-over-year increase in pending total annuity contracts in January 2023. LIMRA expects the sales momentum experienced in 2022 to continue and is forecasting a record-breaking first quarter 2023."

Bank sales were the big driver in the fourth quarter, more than doubling (117%) to \$21.8 billion, Limra said. For the full year, bank sales reached a record \$73.7 billion, 69% higher than in 2021. Limra noted that this is the first time banks, which traditionally attract more conservative investors, have led total annuity sales since 2004, accounting for 24% of the U.S. annuity market in 2022.

"Annuities are in as good a position for robust sales as they have been for years, said Steve Parrish, co-director of the American College Center for Retirement Income. "Higher interest rates spur fixed annuity sales. Volatile equity markets are likely to propel interest in RILAs. And, between the insecurity of Social Security and Congress's nod to annuitization in [SECURE 2.0](#), income annuities should experience a bump."

Parrish added that another recent development is that the traditional investment advisory channels are taking a new look at annuities and are going from "treating annuities with derision to seeing them as a kind of alternative investment."

Fixed-rate deferred annuities, which represent 36% of the total individual U.S. annuity market, were another big winner with sales of \$38.4 billion in the fourth quarter, 249% higher than fourth-quarter 2021 sales. For the full year, fixed-rate deferred annuities totaled \$113 billion, more than double (113%) the sales in 2021.

Limra is predicting that the demand seen in December will spill over into the new year and forecast record fixed-rate deferred sales in the first quarter.

Elsewhere, fixed indexed annuity sales also set new records, totaling \$22.3 billion in the fourth quarter, a 34% increase from the prior record set in the fourth quarter 2021. For the year, FIA sales were \$79.8 billion, up 25% from 2021 and 9% higher than the record set in 2019, Limra said.

On the flip side, registered index-linked annuity sales totaled \$10.1 billion in the fourth quarter, down 2% from the fourth quarter of 2021. Still, despite lower fourth-quarter results, total RILA sales reached \$41.1 billion in 2022, which was 6% higher than prior year and a new all-time high for the product line, according to Limra.

Traditional variable annuity sales also fell in the fourth quarter, dropping 41% to \$12.7 billion. In 2022, traditional VA sales totaled \$61.8 billion, down 29% from 2021 results.

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