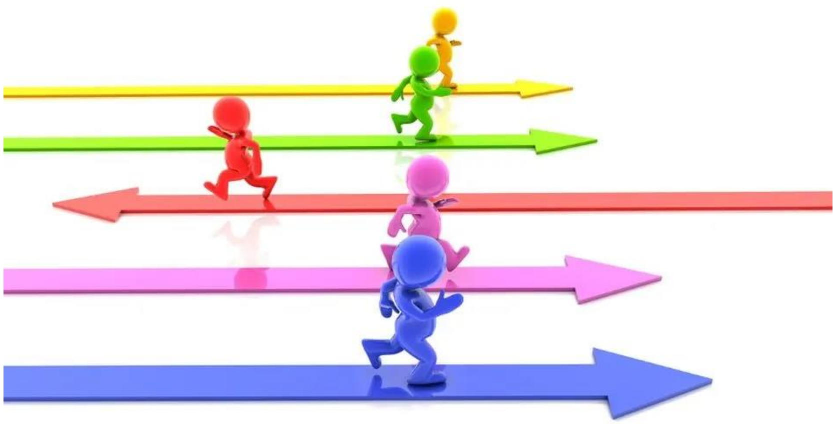
Annuity sales leaderboard changes as more sales go indie



- March 12, 2024
- BY EMILE HALLEZ

Independent agents and independent brokers have become a boon for annuity sales and are responsible for a growing proportion across the business, data published Tuesday by Limra show.

Last year, sales through the independent channel represented 40.6 percent of annuities bought, up from 38.7 percent in 2022. In those groups, sales went from $121.2 billion to $156.2 billion, a nearly 29 percent increase, according to Limra.

“There definitely has been this shift in general as advisors and agents really make the push toward independence,” said Keith Golembiewski, head of annuity research at Limra.

Total annuity sales in 2023 reached a high of $355.4 billion, up 23 percent from the $312.8 billion in 2022, the prior record, the firm’s data show. There were a multitude of factors driving that growth, but major contributors were rising interest rates and an increase in people nearing retirement age. In particular, those factors helped pump up demand for income annuities, with single premium immediate annuity sales 45 percent higher in 2023 than 2022, and deferred income annuities up by 97 percent, according to Limra.

Meanwhile, independent agents and brokers made 74 percent of all fixed indexed annuity sales, which as a category represented $95.9 billion, a 20 percent increase from 2022.

As overall annuity sales have been breaking records, one product type – the traditional variable annuity – has been in lower demand. VA sales fell by 17 percent during the year, with $51.4 billion sold in 2023. In the fourth quarter, that product type was surpassed in sales by a subtype of VA that has become known as the registered index-linked annuity, or RILA. Those products, which offer limited upside potential and downside protection, racked up a total of $47.4 billion in 2023, a 15 percent increase and record for the category, according to Limra.

A potential source of future growth for traditional VAs could be RIAs, which currently are not a major source of annuity sales, Golembiewski said.

"For those independent RIA advisors, are they looking for pure upside potential with some tax deferral capabilities?" he said. "That's where you might see some opportunity – [but] we haven't yet. Annuity sales in RIAs is still fairly small but growing."

LEADERSHIP SHAKEUP

Amid the higher demand for fixed products and lower sales for traditional VAs, the list of companies that sell the most annuities overall is changing. Last year, Athene Annuity & Life became the biggest seller, at $35.5 billion, almost all of which was in the fixed category. Similarly, MassMutual became the second-biggest seller, at $24.7 billion, followed by Corebridge Financial, at $23.6 billion, Limra found.

The prior sales leader, New York Life, fell to fourth, at $19.4 billion, with about two-thirds of that being in fixed annuities.

A former longtime leader in VA sales, Jackson National, was surpassed by Equitable Financial in 2022 and lost more ground in 2023 as sales shifted to favor RILAs rather than traditional VAs. Jackson's VA sales last year were $11.9 billion, down from $14.5 billion in 2022, while Equitable's went from $15.1 billion to $17.9 billion, the Limra data show.

Shortly after Limra published its data, Jackson issued a statement about its position in the VA market.

Although RILAs account for a small proportion of its overall sales, at $2.6 billion in 2023, those products ticked up by 60 percent during the year, Kevin Luebbers, national sales manager for Jackson National Life Distributors, said in the statement.

“We maintain our strong conviction in the consumer value of VAs,” Luebbers said. “VAs can be a critical part of a holistic financial plan, providing opportunities for asset growth and tax deferral while generating a protected stream of income that cannot be outlived. We are optimistic interest will increase in this product line, due to stronger equity markets and the numerous investment options available.”