LIMRA: Fixed Annuity Sales Double in First Quarter 2023, Driving Record Sales for the Fourth Consecutive Quarter

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WINDSOR, Conn., May 23, 2023—Total fixed annuity sales increased 101% to $70.9 billion in the first quarter 2023, compared with prior year results. Every major fixed annuity product line experienced at least double-digit growth, according to LIMRA's First Quarter 2023 Individual Annuity Sales Survey.

First Quarter 2023 Annuity Sales Highlights:

- Total annuity sales topped $94 billion, a new quarterly sales record.
- Fixed annuity sales doubled YOY, driven by fixed-rate deferred and fixed indexed annuity sales.
- First quarter fixed income annuity sales jumped 127% to reach an all-time high.

"There are several factors driving the record-level growth in the fixed annuity market," said Todd Giesing, assistant vice president, LIMRA Annuity Research. "Continued equity market volatility and favorable interest rates coupled with investor concerns about the banking sector and a potential recession have made fixed annuities an attractive choice to shield assets, generate protected growth and establish guaranteed income for retirement. LIMRA is forecasting that demand for fixed annuity products will drive overall sales for the foreseeable future."

Overall annuity sales totaled $94.1 billion, a 49% increase over prior year results.

Accounting for 44% of all annuity sales, fixed-rate deferred (FRD) annuity sales jumped 161% to $41.5 billion in the first quarter. This is the fourth consecutive quarter of record-breaking sales.

“While bank FRD sales more than tripled, representing 42% of all FRD sales, FRD sales in almost all distribution channels jumped significantly year-over-year. Independent broker-dealers and independent agents increased their FRD sales more than six-fold (647%) and seven-fold (715%) respectively,” noted Giesing. “Under current economic conditions, there are limited options for safe, short-term investments that can compete with FRD products’ returns. As a result, demand for these products remains high.”

In the first quarter 2023, fixed-indexed annuity (FIA) jumped 42% to $23.1 billion, setting a record for the third consecutive quarter. LIMRA expects FIA sales to grow as much as 10% in 2023, as investors seek out solutions with a balance of protection and growth. A majority of the growth projected in the FIA market will be in products without a guaranteed living benefit.

The income annuity market marked its highest quarterly sales ever, topping $4.2 billion in the first quarter 2023. Single-premium immediate annuity (SPIA) sales more than doubled (127%) in the first quarter to $3.4 billion. The majority of the SPIA sales growth came from independent and full-services broker-dealers, whose sales increased 352% and 209%, respectively. Deferred-income annuity sales surged 127% to $830 million in the first quarter.

“Our research shows more than half (56%) of pre-retirees do not feel their forecasted guaranteed retirement income streams (Social Security, pension income/guaranteed annuity income) will cover their basic living expenses in retirement,” said Giesing. “After a decade of ultra-low interest rates that dampened demand for these products, rising payout rates have prompted investors to buy income annuities and lock in the guaranteed income stream for retirement. LIMRA is forecasting income annuity sales to grow at least 15% in 2023.”

For the fifth consecutive quarter, traditional variable annuity (VA) sales fell year-over-year. Traditional VA sales were $12.8 billion in the first quarter, down 31% from first quarter 2022 results. With market volatility expected to remain high, LIMRA is forecasting sales growth in this category to be flat in 2023.

In addition to the favorable market conditions, the number of carriers offering registered index-linked annuities (RILA) has grown nearly 60% over the past four years, expanding access and driving sales growth. In the first quarter, RILA sales totaled $10.4 billion, up 8% from the prior year. LIMRA projects RILA sales will grow more than 15% in 2023.

For more details on the sales results, go to First Quarter 2023 Annuities Industry Estimates in LIMRA's Fact Tank.

- To view the top 20 rankings of total, variable and fixed annuity writers in the first quarter of 2023, see First Quarter 2023 Total Annuity Rankings.
- To view the top 20 rankings of traditional VA and RILA sales leaders in the first quarter of 2023, visit First Quarter 2023 Variable Annuity Breakout Rankings.
- For the top 20 rankings of fixed-rate deferred, fixed indexed and payout annuity writers in the first quarter of 2023, visit First Quarter 2023 Fixed Annuity Breakout Rankings.

First quarter 2023 annuities industry results are based on LIMRA's quarterly annuity sales survey, which represents 87% of the total market.

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