

IRI: Variable Annuity Sales in Q2 at 'Record High'

Fixed annuities post quarterly increases, as well

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Variable annuity sales posted record highs in the second quarter of 2010, the Insured Retirement Institute (IRI) reported Wednesday, August 25. A [LIMRA report earlier this month](#) also showed growth in variable annuities, reporting double digit growth in the second quarter.

Year-to-year sales of variable annuities advanced at their "greatest pace since 2007," IRI reports, and estimated sales of indexed and income annuities were at their strongest since 2003 when Beacon Research, IRI's partner in the [report](#), began conducting the survey.

According to the IRI report, total annuity sales were at nearly \$54 billion, up from \$47.4 billion in the first quarter. However, year-to-year quarterly sales fell almost 10% from \$59.6 billion in 2009.

Variable annuity sales rose 9% to \$34.4 billion, according to IRI. Year-to-year quarterly sales increased as well, rising over 8% from 2009.

Fixed annuity sales increased almost 18% from the first quarter to \$19.4 billion, despite year-to-year sales falling over 30%. Jeremy Alexander explains why the product was so successful in the second quarter.

"Although rates were falling, the spread between Treasury and corporate bond yields widened," Alexander explained in a press release. "This enabled fixed annuities to offer competitive credit rates. In addition, buyers apparently got tired of waiting for rates to rise."

Investors who wished to avoid being locked into low rates turned to indexed annuities, Alexander said, which had the further benefit of offering "upside potential, downside protection and attractive guaranteed lifetime income."

IRI President and CEO Cathy Weatherford called the annuity industry "strong," citing expansion in variable, indexed and income annuities as evidence. While Weatherford acknowledged fluctuations in sales should be expected as investors re-examine their portfolios, she expressed confidence in the industry's ability to meet their needs.

"The diversity and innovation found throughout the insured retirement industry uniquely allows consumers to identify and invest in strategies that best suit their individual needs," Weatherford said in a press release. "The movement and growth within this sales data underscores that unique flexibility investors have - and now demand - in securing their financial future."



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