

## VA Sales Climb 3% in 1Q

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By [Joe Morris](#)

Variable annuity sales inched up 3% in the first quarter from a year earlier, powered by the popularity of lifetime guaranteed withdrawal benefits.

Sales came to \$31.4 billion in the year's first three months, \$21.7 billion in qualified sales and \$9.6 billion in non-qualified, according to data from **Morningstar**. The total, though up from 2009's first quarter, was down 1.5% from the prior quarter.

"While total sales were down slightly from fourth-quarter levels, we saw continued strength in the sales of products offering robust living benefit guarantees," said Frank O'Connor, Morningstar's director of insurance solutions.

Products offering lifetime guaranteed withdrawal benefits with value enhancers such as step-ups were the big sellers. "This is a reflection of the VA investor's desire for higher returns in a low rate environment coupled with a willingness to exchange a percentage of those potential returns for the protection offered by these benefits," O'Connor said.

New data from **Beacon Research**, meanwhile, shows fixed annuity sales plunged 51.9% from the year-earlier period, to \$16 billion. Overall annuity sales consequently came to \$47.4 billion, a 27% decline.

Beacon chief Jeremy Alexander blames the drop on lower book value and market-value-adjusted results. "Prospective buyers expected higher rates in the future and did not want to lock in first quarter's credited rates," he said.



**Danielle Holland**

*Assistant Vice President, Communications & Public Affairs*

**Insured Retirement Institute (IRI)**

[dholland@irionline.org](mailto:dholland@irionline.org)

Office: (202) 469-3007 Mobile: (202) 577-5974