



U.S. pension risk transfer market insights

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Market snapshot for Q3 2020

The LIMRA Secure Retirement Institute recently released the following statistics about the pension risk transfer (PRT) market for the quarter ending September 30, 2020:

- 106 group annuity buy-out contracts were transacted worth \$4.6 billion in premium
- 1 group annuity buy-in contract worth \$209 million in premium
- 17 insurers participated in the quarterly survey (representing all but one of the insurers in the PRT market as of September 30)

Market outlook for 2021

The Secure Retirement Institute reported that buy-out sales totaled \$11.3 billion during the first 9 months of 2020. From LIMRA Fact Tank data, we estimate:

- \$22.7 billion in buy-out premiums for the 12-month period ending September 30, 2020
- \$164.7 billion in buy-out premiums since 2012
- \$3.2 billion in buy-in premiums since 2014

PRT volume expected to pick up in 2021

PRT transaction volume has spiked at the end of 2020, and we expect this momentum to carry through into 2021 as pension plan sponsors continue to de-risk.

Another insurer entering the market

Currently, there are 18 insurers writing group annuity contracts for pension plans, up from 16 at the start of 2020. It is likely that at least one more insurer will enter the PRT market in 2021.

Insurer capacity

The PRT market averaged just under \$26 billion per year in buy-out premiums during 2017-2019. At this pace, there should be sufficient insurer capacity for PRT transactions in 2021.

Buy-in volume expected to increase

As the number of plan terminations steadily increases, we anticipate that group annuity buy-ins will also increase.

For more information on PRT or pension risk management, please contact **Tom Sablak** at Thomas.Sablak@buck.com or **Sarvesh Soi** at Sarvesh.Soi@buck.com.

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