



# U.S. pension risk transfer market insights

March 2021

## Market snapshot for Q4 2020

The LIMRA Secure Retirement Institute recently released the following statistics about the pension risk transfer (PRT) market for the quarter and year ending December 31, 2020:

- 177 group annuity buy-out contracts were transacted in Q4 2020 worth \$13.7 billion in premium
- Buy-outs during 2020 totaled \$25 billion (432 contracts)
- 2 group annuity buy-in contracts worth \$1.6 billion in premium were transacted in Q4
- 19 insurers participated in the quarterly survey (representing all insurers in the PRT market as of December 31)

## Market outlook for 2021

The Secure Retirement Institute reported that the \$13.7 billion in buy-out sales in Q4 2020 marked the largest quarterly sales total since the fourth quarter of 2012. From LIMRA Fact Tank data, we estimate:

- \$178.4 billion in buy-out premiums since 2012
- \$4.8 billion in buy-in premiums since 2014

### Brisk PRT sales expected to continue

The PRT market averaged just under \$26 billion per year in buy-out premiums during 2017-2020. We expect this momentum to carry through into 2021 as pension plan sponsors continue to de-risk.

### Split transactions are still around

Q4 2020 saw a unique \$1.2 billion transaction involving a horizontal split of retiree liability. The transaction, involving MetLife and Principal, also included deferred annuitants.

### Insurer capacity

An additional insurer entered the PRT, so the total number of insurers writing group annuity contracts for pension plans is now nineteen. There should be sufficient insurer capacity for PRT transactions in 2021.

### PRT insurers in the news

Apollo recently announced its acquisition of Athene and the transaction is expected to close in early 2022. Early in 2021, MassMutual's acquisition of Great American Life was announced and the deal should close in Q2 2021.

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