



# U.S. pension risk transfer market insights

June 2021

## Market snapshot for Q1 2021

The LIMRA Secure Retirement Institute recently released the following statistics about the pension risk transfer (PRT) market for the quarter ending March 31, 2021:

- 42 group annuity buy-out contracts were transacted in Q1 2021 worth \$1.0 billion in premium
- 1 group annuity buy-in contract worth \$2.8 billion in premium was transacted in Q1
- 18 insurers participated in the quarterly survey (representing all insurers in the PRT market as of June 2021)

## Market outlook for 2021

The Secure Retirement Institute reported that the \$2.8 billion buy-in during Q1 2021 marked the largest buy-in to-date in the U.S. Meanwhile, we note that the \$1.0 billion in aggregate buy-out premiums during Q1 was the lowest quarterly total since Q2 2016. From LIMRA Fact Tank data, we estimate:

- \$179.4 billion in buy-out premiums since 2012
- \$7.6 billion in buy-in premiums since 2014

### Updated PRT sales projection for 2021

The PRT market has averaged just under \$26 billion per year in buy-out premiums during 2017-2020. In its first projection of the year, LIMRA estimates PRT sales might be in the \$25-\$30 billion range during 2021.

### JCPenney and Athene transact buy-in

On April 1<sup>st</sup>, Athene Holding Ltd. announced the completion of a \$2.8 billion buy-in contract in conjunction with JCPenney's termination of its 30,000-life pension plan. Prior to this transaction, the largest buy-in in the U.S. was \$0.9 billion.

### Insurer capacity

As we move into the summer months, PRT activity is already picking up. Based on LIMRA's projections, on top of a slower Q1, we anticipate that insurers' transaction calendars will fill up quickly in Q3 and Q4.

### PRT insurers in the news

MassMutual's acquisition of Great American Life was completed on May 28th. Since Great American had been a PRT insurer prior to the acquisition, the total number of insurers in the PRT market now stands at 18.

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