



U.S. pension risk transfer market insights

September 2021

Market snapshot for Q2 2021

The LIMRA Secure Retirement Institute recently released the following statistics about the pension risk transfer (PRT) market for the quarter ending September 30, 2021:

- 87 group annuity buy-out contracts were transacted in Q2 2021 worth \$5.0 billion in premium
- No buy-in contracts were transacted in Q2
- 18 insurers participated in the quarterly survey (representing all insurers in the PRT market as of September 2021)

Market outlook for 2021

The Secure Retirement Institute reported that group annuity sales (including buy-outs and buy-ins) totaled \$9.0 billion during the first half of 2021. From LIMRA Fact Tank data, we estimate:

- \$28.9 billion in total group annuity sales for the 12-month period ending June 30, 2021
- \$184.4 billion in buy-out premiums since 2012
- \$7.6 billion in buy-in premiums since 2014

Updated PRT sales projection for 2021

While LIMRA continues to estimate that total PRT sales might be in the \$25-\$30 billion range for calendar 2021, some believe that the total will be even higher, perhaps pushing \$35 billion or more.

Recent large buy-outs announced

Q3 2021 buy-out statistics will spike up due to recently announced transactions from Lockheed Martin (\$4.9 billion with Athene), HP (\$5.2 billion with Prudential), and Pactiv (just under \$1 billion with MassMutual).

Insurer capacity

As predicted, insurers' transaction calendars filled up quickly in Q3 2021, with brisk activity continuing into Q4. This aligns with projected sales activity for the second half of 2021.

Buy-in capacity has increased

We continue to project an increase in buy-in transaction volume, as more insurers now offer this product and an increasing number of plan sponsors understand the risk-hedging potential of this investment.

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