



U.S. pension risk transfer market insights

October 2022

Market snapshot for Q2 2022

The LIMRA Secure Retirement Institute recently released the following statistics about the pension risk transfer (PRT) market for the quarter ending June 30, 2022:

- 146 group annuity buy-out contracts were transacted in Q2 2022 worth \$12.3 billion in premiums
- No buy-in contracts were transacted in Q2 2022
- All insurers in the PRT market as of June 30, 2022 (18 insurers) participated in the quarterly survey

Market outlook for 2022

The Secure Retirement Institute reported that group annuity sales (including buy-outs and buy-ins) totaled \$17.6 billion during the first half of 2022, including the highest second quarter sales total ever and double the sales recorded during the first 6 months of 2021. From LIMRA Fact Tank data, we estimate:

- \$227.6 billion in buy-out premiums since 2012
- \$11.3 billion in buy-in premiums since 2014

IBM settles \$16 billion in retiree liability

Earlier this month, IBM announced a group annuity buy-out for 100,000 retirees, the second largest PRT transaction ever recorded in the U.S. Prudential (lead administrator) and MetLife will each insure 50% of the benefit payments.

Insurer capacity

In 2021, over 75% of PRT transactions (by premium) occurred in Q3 and Q4, continuing a similar trend seen in 2019 & 2020. PRT insurers' transaction calendars are quite full for the remainder of the year.

Interest rates

Buck's Core Annuity Rate Barometer, our daily group annuity rate tracker, indicates that annuity purchase rates have increased by about 215 to 265 basis points (a basis point is one-hundredth of one percent) this year through mid-September.

2022: Projected sales

Year-to-date sales volume and the recent IBM transaction suggest that 2022 activity could easily top \$40 billion, which would smash the sales record set in 2021.

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