



U.S. pension risk transfer market insights

December 2022

Market snapshot for Q3 2022

LIMRA* recently released the following statistics about the pension risk transfer (PRT) market for the quarter ending September 30, 2022:

- 145 group annuity buy-out contracts were transacted in Q3 2022 worth \$26.1 billion in premiums
- No buy-in contracts were transacted in Q3 2022
- All insurers in the PRT market as of September 30, 2022 participated in the quarterly survey – Buck’s research indicates that there are currently 19 insurers in the PRT market

Market outlook for 2022

LIMRA reported that group annuity sales (including buy-outs and buy-ins) totaled \$43.8 billion during the first 9 months of 2022, including the highest third quarter sales total ever and over 89% higher than the sales recorded during the first 9 months of 2021. From LIMRA Fact Tank data, we estimate:

- \$253.7 billion in buy-out premiums since 2012
- \$11.3 billion in buy-in premiums since 2014

2022: Projected sales

LIMRA estimates that group annuity buy-out sales will top \$50 billion in 2022, which will crush 2021 buy-out sales (\$34 billion) and the previous annual record set in 2012 (\$36 billion).

Insurer capacity

The current number of PRT insurers is about the same as a year ago, yet group annuity sales are projected to be about 50% higher than last year’s total. This math suggests that plan sponsors’ access to PRT insurers could become an issue.

Interest rates

Buck’s Core Annuity Rate Barometer, our daily group annuity rate tracker, indicates that annuity purchase rates have increased by about 240 to 280 basis points this year through November 30 (a basis point is one-hundredth of one percent).

What’s in store for 2023?

Continued interest in pension de-risking, improved funded statuses of pension plans, and higher administration costs are projected to continue to drive robust PRT activity in 2023.

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