

2023 Fixed Indexed Annuity Contract Owner Experience Study

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Study Highlights

The Society of Actuaries (SOA) Research Institute's Individual Annuity Experience Committee (IAEC) and LIMRA have jointly conducted a study of Fixed Indexed Annuity (FIA) contract owner behavior covering contract years with anniversaries starting in 2023.

Seventeen individual companies contributed data to the current study, encompassing 57% of industry new sales and 58% of industry assets in force during the period of the study. The current study contains about 2.7 million surrender exposure by contract count, \$328 billion surrender exposure by contract value, over 208,000 surrenders, and \$13.0 billion in contract withdrawals.

The experience data analyzed for this study includes both single- and flexible-premium products, and contracts are included regardless of whether or not they have a guaranteed lifetime withdrawal benefit (GLWB) rider or other type of guaranteed living benefit. Only contracts sold inside the U.S. and its territories are included. The experience data excludes all types of variable annuities and traditional, fixed-rate annuities, as well as any annuities sold within employer-sponsored retirement plans.

The following are some of the more notable observations from the analyses detailed in this report:

- Of the four major distribution channels tracked, 81% of FIA contracts with a GLWB rider in the study were sold through the independent agent distribution channel.
- On an Actuarial Present Value (APV) basis using a 4% discount rate, the percentage of contracts with an in-the-moneyness (ITM) ratio greater than 100% ranged from 30% of contracts with attained ages over 80 to 39% of contracts at attained ages between 70 and 74.
- For contracts with a GLWB rider, 35% took withdrawals in 2023. Across all the contracts with a GLWB rider that took withdrawals, 81% were systematic.
- For contracts without a GLWB rider, 27% took withdrawals in 2023. Across all contracts without a GLWB rider that took withdrawals, 36% were systematic.
- For qualified contracts with a GLWB rider, average withdrawal amounts were generally between \$10,000 and \$20,000 for annuitant attained ages under 70. The youngest non-qualified contract owners were more likely to withdraw more than \$20,000. For annuitant ages 70 and older, average withdrawal amounts were in the \$8,000 to \$13,000 range. Median withdrawal amounts were lower than average withdrawal amounts.
- On average, for the current study period, 2.8% of contracts made premium deposits in contract years two through 13. The percentage was higher (3.2%) for contracts without a GLWB rider than for contracts with a GLWB rider (2.2%).

- On a contract value basis, the surrender rate in the year the surrender charge expired on contracts without a GLWB rider was 59.0%, and much more dramatic than the 14.1% surrender rate in the year the surrender charge expired for contracts with a GLWB rider.

Detailed Study Results

Detailed results from the 2023 Fixed Indexed Annuity Contract Owner Behavior Study are available for purchase in the Experience Studies Pro Standard Data Package. The Standard Data Package includes a report with detailed analysis and insights and a set of data visualization dashboards where the user can drill down into the results and obtain select views of the data. Various distributions of contracts included in the study are reviewed in the detailed results along with the withdrawal activity, premium deposit experience, and surrender experience on the contracts in the study. Detailed analysis and results are provided by various subsegments of the data, including sex, attained age group, contract year, observation year, market type, rider type, contract value, distribution channel, and issue year. For more information about the Standard Data Package and how to secure it, contact StudyPro@soa.org.

Study Methodology, Reliances, and Limitations

Actual study experience was determined on an age-nearest-birthday basis. Withdrawal rates on a percent of contracts basis are equal to the number of contracts that took withdrawals during the observation year divided by the number of contracts in force at the beginning of the observation year. Withdrawal rates on a percent of contract value basis are equal to the amount of contract value withdrawn during the observation year divided by the amount of contract value in force at the beginning of the observation year. Exposure for the surrender rates was determined using the Balducci approach. The contract year that a surrender is assigned to is based on the actual date of surrender.

No assessment has been made concerning the applicability of this experience to other purposes. In developing this report, the SOA Research Institute and LIMRA relied upon data and information supplied by the participating company contributors. For each contributor, this information includes, but is not limited to, the data submission for mortality experience and the responses to follow-up questions. The results in the Experience Studies Pro Standard Data Package and this report are technical in nature and dependent on certain assumptions and methods. No party should rely upon these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

List of Participating Companies

The Society of Actuaries Research Institute and LIMRA would like to thank the following 17 individual companies who contributed data to this study:

- Allianz Life Insurance Company of North America
- American National Insurance Company
- Ameritas Life Insurance Corporation
- Athene Annuity & Life Assurance Company
- CNO (Bankers Life & Casualty)
- Global Atlantic Financial Group
- Lincoln Financial
- Massachusetts Mutual Life Insurance Company
- Nassau Life
- National Life Group
- Nationwide Life
- Pacific Life
- Protective Life
- Prudential Financial
- Sammons Financial Companies (Midland National and North American Company)
- Transamerica
- Western & Southern Financial Group

About LIMRA

Established in 1916, LIMRA is a research and professional development not-for-profit trade association for the financial services industry. More than 600 insurance and financial services organizations around the world rely on LIMRA's research and educational solutions to help them make bottom-line decisions with greater confidence. Companies look to LIMRA for its unique ability to help them understand their customers, markets, distribution channels and competitors and leverage that knowledge to develop realistic business solutions.

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About The Society of Actuaries Research Institute

Serving as the research arm of the Society of Actuaries (SOA), the SOA Research Institute provides objective, data-driven research bringing together tried and true practices and future-focused approaches to address societal challenges and your business needs. The Institute provides trusted knowledge, extensive experience and new technologies to help effectively identify, predict and manage risks.

Representing the thousands of actuaries who help conduct critical research, the SOA Research Institute provides clarity and solutions on risks and societal challenges. The Institute connects actuaries, academics, employers, the insurance industry, regulators, research partners, foundations and research institutions, sponsors and non-governmental organizations, building an effective network which provides support, knowledge and expertise regarding the management of risk to benefit the industry and the public.

Managed by experienced actuaries and research experts from a broad range of industries, the SOA Research Institute creates, funds, develops and distributes research to elevate actuaries as leaders in measuring and managing risk. These efforts include studies, essay collections, webcasts, research papers, survey reports, and original research on topics impacting society.

Harnessing its peer-reviewed research, leading-edge technologies, new data tools and innovative practices, the Institute seeks to understand the underlying causes of risk and the possible outcomes. The Institute develops objective research spanning a variety of topics with its [strategic research programs](#): aging and retirement; actuarial innovation and technology; mortality and longevity; diversity, equity and inclusion; health care cost trends; and catastrophe and climate risk. The Institute has a large volume of [topical research available](#), including an expanding collection of international and market-specific research, experience studies, models and timely research.

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