



Insured Retirement Institute

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Contact: Chris Paulitz or Danielle Holland
dholland@irionline.org or 202.469.3007

Variable Annuity Assets Soar in 4Q

20% Increase in Year-to-Year Comparison Signals Road to Recovery

WASHINGTON, D.C. – The Insured Retirement Institute (IRI) today announced fourth quarter results for the variable annuity industry. The net assets of United States variable annuities posted a double-digit increase in year-to-year quarter comparisons for the first time in eight quarters, advancing at a rate of 20.2 percent. The last time this comparison posted a double-digit increase was in September of 2007, at a rate of 15.3 percent.

“The surge in variable annuity assets is a clear indicator that we are indeed on a solid road to recovery,” said President and CEO of IRI, Cathy Weatherford. “While the road ahead may be a bumpy one, the stability and strength of insured retirement strategies is clearly apparent. More now than ever, older Americans are looking for dependable, trusted sources of retirement income that will withstand unpredictable fluctuations in the stock market. Annuities stand alone in guaranteeing lifetime income throughout retirement.”

Variable annuity sales for the fourth quarter were \$31.9 billion, up slightly from \$31 billion in the previous quarter. Fourth quarter 2009 net sales were \$2.9 billion, compared to third quarter net sales of \$2.8 billion. There were \$21.9 billion in qualified sales and \$10 billion in non-qualified in the fourth quarter. Total 2009 sales were \$125.1 billion, compared to \$154.8 billion in 2008.

“While we are pleased that sales were up slightly over previous quarter, it is not surprising that year-to-year sales were down,” Weatherford added. “Last year, variable annuity product development was occurring at a dynamic rate, with prospectus filings totaling more than 450 for the year. While 2009 will be noted as a year of change for insured retirement strategies, this year we will see these products further roll out in the market. As we return to simplicity, and further align our strategies to the needs of consumers, the industry is optimistic that these new products will gain further traction.”



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Table 1. Variable Annuity Net Assets (Dollars in Millions)	12/31/09	9/30/09	6/30/09
Total Net Assets	1,353,957	1,311,387	1,187,614

Source: Morningstar, Inc

Table 2. Variable Annuity Premium Sales¹ (Dollars in Millions)	12/31/09	9/30/09	6/30/09
Total Sales	31,889	31,015	31,765
Net Sales	2,905	2,844	6,137

Source: Morningstar, Inc.

¹Total Premium Sales, also called Total Premium Flows, represents the sum of new sales [all first-time buyers of a contract, including inter- and intra-company exchanges] and additional premiums from existing contract owners. Net Sales, also called Net Flows, represents Total Premium Sales minus surrenders, withdrawals, inter- and intra-company exchanges, and benefit payments

Table 3. Quarterly Variable Annuity Total Premium & Net Sales

(\$ Millions)	Quarter Ended				
	12/31/09	9/30/09	6/30/09	3/31/09	12/31/08
Total Sales	31,889	31,015	31,765	30,446	33,321
Net Sales	2,905	2,844	6,137	5,085	4,153
Net Sales as % of total sales	9.1%	9.2%	19.3%	16.7%	12.5%

Source: Morningstar, Inc.

Table 4. Variable Annuity Assets by Asset Class (As a percent of total assets)	12/31/09
Equity	48.5%
Fixed Accounts	22.2
Allocation	14.7
Bonds	11.5
Money Market	3.1

Source: Morningstar, Inc.



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About Annuities: With people living longer, the decline in traditional sources of retirement income (pensions and Social Security) and the responsibility of retirement funding shifting to the individual, annuities are critical components of a retirement plan. It is a long-term retirement investment vehicle offering a combination of insurance benefits, guaranteed lifetime income payments and tax-deferred savings. Variable annuities allow individuals to invest in a variety of underlying fixed and equity funds and provide returns based on the performance of these funds. Only insured retirement solutions such as annuities protect retirement assets against market volatility and guarantee retirement income that cannot be outlived.

About the Insured Retirement Institute: The Insured Retirement Institute (IRI) is a not-for-profit organization and is the authoritative source of all things pertaining to annuities, insured retirement strategies and retirement planning. IRI exists to vigorously promote consumer confidence in the value and viability of insured retirement strategies, bringing together the interests of the industry, financial advisors and consumers under one umbrella. IRI's mission is to: encourage industry adherence to highest ethical principles; promote better understanding of the insured retirement value proposition; develop and promote best practice standards to improve value delivery; and to advocate before public policy makers on critical issues affecting insured retirement strategies. Visit www.IRIONline.org to experience the new, vast resources of the new Insured Retirement Institute for yourself.

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